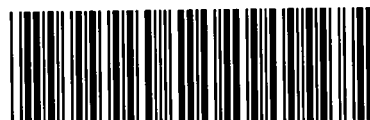


Lloyd's Register Group Limited
Report and consolidated financial
statements
30 June 2022

Company registration number: 08126909

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Lloyd's
Register

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Preface

The report and financial statements contained in this document relate to the Lloyd's Register Group ('LR' or 'the Group'), which comprises Lloyd's Register Group Limited ('the Company') and its subsidiaries and joint ventures referred to in note 27 to the financial statements. Lloyd's Register Group Limited's own financial statements are presented alongside those of the Group. Its own principal activities include provision of management services to the Group and ownership and development of Group intellectual property.

Lloyd's Register Group Limited is the principal subsidiary of Lloyd's Register Foundation ('the Foundation'), a company limited by guarantee and a registered charity. Lloyd's Register Foundation has prepared consolidated group financial statements which are available from the Lloyd's Register Foundation Company Secretary.

Our Business

Lloyd's Register is a global professional services company specialising in engineering and technology for the maritime industry. We are the world's first marine classification society, created more than 260 years ago to improve the safety of ships. Our technical expertise serves clients based in 182 countries.

Our Marine and Offshore business is a leading provider of classification and compliance services to the marine and offshore industries, helping our clients design, construct and operate their assets to the highest levels of safety and environmental compliance. In the race to zero emissions, our solutions, technical expertise and industry-firsts will support a safe, sustainable maritime energy transition.

In the drive for efficiency in the ocean economy, our Maritime Performance Services enables businesses to reach their full potential – now and into the future – by addressing the twin maritime industry challenges of decarbonisation and digitalisation. We offer our clients advice, support and solutions on fleet management, fleet optimisation, business operations, risk management, emergency response, fuel testing and maritime training.

Our digital solutions combine modern digital tools with deep technical expertise to optimise safety, operational efficiency and sustainability, helping our clients get the most from their assets.

Lloyd's Register is wholly owned by the Lloyd's Register Foundation, a politically and financially independent global charity that aims to engineer a safer world through promoting safety and education. The Foundation focuses on the most pressing global safety challenges, establishing the best evidence and insight to understand the complex factors that affect safety, and by building partnerships for change. For a thriving ocean economy, Lloyd's Register and Lloyd's Register Foundation work together to fund research, foster industry collaboration and develop action-oriented solutions.

All of this helps us stand by the purpose that drives us every single day: working together for a safer world.

Chairman's Statement

The last few years have seen extraordinary challenges, with global unrest, enormous pressure on supply chains, the Covid pandemic and geopolitical shifts. These have had a fundamental impact on business in general, as well as on the everyday physical and mental wellbeing of our colleagues. The Board and I are hugely impressed by their commitment and resilience as they have navigated these difficult times to get the job done.

Periods of uncertainty can present opportunities as well as challenges. While our corporate structure under charity ownership has allowed us to continue with trusted, independent and robust operations during these times of global stress, it also creates the opportunity to focus on long-term value creation. The Board is confident that Lloyd's Register's strategy for growth, announced during the current reporting period, will deliver this.

Our strategy for growth is also a means of focusing Lloyd's Register on the needs of its clients, offering them the very best customer service, while delivering them the products, services and advice they need now, and may want in the future.

A renewed focus

The growth strategy, supported by the Board, and implemented over the reporting period, placed a renewed focus on the Group's operations in the maritime sector. This culminated in acquisitions to enhance our position in our industry, and the divestment of our non-maritime businesses.

Our recent acquisitions give us an exciting and substantive opportunity to accelerate the addition of valuable complementary expertise. It was very important to us to find good homes for our divested businesses, and we are delighted to have identified new owners with the focus and ethos that will allow those organisations to thrive.

As we continue to execute our strategic refocus on the maritime sector and the wider ocean economy, we will have the opportunity to bridge disciplines to provide a broader service. In addition to supporting clients with services they know they want, we are also in a position to help them set new aspirations by showing how we can support them to achieve their environmental, social and governance (ESG) goals, plus other goals they may not yet have thought about.

Robust governance

This year marked the tenth anniversary of the adjustment of our corporate structure, and the creation of Lloyd's Register Foundation. For the last decade, Lloyd's Register Group has been wholly owned by Lloyd's Register Foundation, a politically and financially independent global charity that aims to engineer a safer world through promoting safety and education. The Group and the Foundation operate separately, with distinct governance, value drivers and performance targets, yet often share an agenda, for example on reducing harm.

This alternative governance structure has stood the test of time, creating a unique organisation with sharp focus. The ability to optimise our separate focuses to create value is key. Together, the Board believes the Group and the Foundation are making a real difference to the safety of life and property, through projects funded by both entities, such as the Safetytech Accelerator, the first fully dedicated technology accelerator focused on safety and risk in industrial sectors. The Group and the Foundation are also advancing the maritime energy transition through the work of the Maritime Decarbonisation Hub, by creating safe, sustainable pathways to a zero-carbon maritime industry.

ESG reporting

The Board has been working closely with management to monitor environmental, social and governance (ESG) reporting. Indeed, this is a prerequisite for our purpose and aspirations. The Board will ensure we set ambitions and clearly articulated goals jointly with the Executive Leadership Team, and we review performance regularly to ensure efficient monitoring processes.

Our corporate structure of charity ownership gives us a strong position to lead from the front on social responsibility. Our organisation is focused on solving the global challenges relating to a sustainable ocean economy. For example, the Foundation's links with the UN Global Compact, UN High Level Climate Champions and World Economic Forum give a platform for the Group to engage with these influential organisations, using our deep experience of engaging with our clients to articulate issues in practical terms.

The Board plays a key role in monitoring the colleague culture at Lloyd's Register. As well as engagement

Chairman's Statement

surveys, the Board recognises the importance of meeting colleagues face-to-face around the world, to listen to their views, and the attitudes they reflect. The Board seeks input from diverse sources, reflected in our invitations to a wide variety of colleagues to Board meetings. The Board is committed to creating a workforce at LR that embraces diversity, where all colleagues feel included. The Board was pleased to see QHSE reports from LR that contained a strong focus on employee safety and wellbeing, especially in the wake of the COVID pandemic.

Outlook

We have a clear purpose and an ambition to build on the steps we've already taken to create an organisation that saves lives through the accelerated application of science, technology and education. We are uniquely at the forefront of that, both commercially and through our differentiated corporate structure.

The climate emergency, biodiversity and resource use are all long-term issues that are of huge relevance to LR, and our task is to prove that we are relevant to help address these challenges. All of the Board's activities are focused on tackling those challenges through supporting the Group's organisational purpose: working together for a safer, sustainable, thriving ocean economy. The Board and I are confident that the expertise and dedication of our LR colleagues will position us well to achieve our goals and fulfil our purpose.

Thomas Thune Andersen
Chairman, Lloyd's Register Group Limited

Strategic Report

Chief Executive Officer's report

A transformational year

As I look back on a year of transformation for Lloyd's Register, I want to begin by thanking my colleagues for their contribution to the Group's strong performance, and their commitment to remaining focused on serving clients during a period of significant change. Having set out our strategy to move away from being sector-agnostic and capability-led, we have successfully refocused the entire Group's activities on our maritime clients, their needs of today and those of the future, all to support our vision of working together for a sustainable and thriving ocean economy.

Performance

LR Group's statutory operating loss for the reporting period was £9m, while adjusted operating profit was £38m, compared to a pro forma performance for the 12 months to June 2021 of £75m, with pro forma presented because of the previous shortened reporting period. Turnover was £569m compared with the previous pro forma figure of £781m. The reduced figures are principally due to the divestment during the reporting period of the Business Assurance and Inspection Services ("BA&IS") business line, which reduced the overall employee numbers of the Lloyd's Register Group from 6,084 to 4,620. The Group's contribution to the LR Foundation increased from £3m in the previous reporting period to £7m during this reporting period.

Progress against strategy

In the six months since the launch of our new F.I.T. to Grow strategy (Focus, Invest, Transform), we have made sound progress on our commercial objectives. We have gained share of the world's fleet, achieving our most positive transfer of class results in eight years. We secured excellent wins for i4 Insight and Hanseaticsoft, with clients such as Louis Dreyfus and PIL bringing hundreds of ships on to LR platforms to reduce their emissions and fuel bills, and to make their organisations more sustainable, both environmentally and commercially.

Focus - putting our clients at the heart of everything we do across the maritime asset value chain

A series of acquisitions continued our journey to become a company that puts our clients at the heart of everything we do, across the maritime asset value chain. We have our traditional strong base of 8,000 vessels and assets that are receiving compliance services through our classification business. We also have a well-developed position in digital maritime solutions, in fleet management and vessel performance, through our investments in Hanseaticsoft, i4 Insight, CMAP Commercial and Greensteam, the latter two acquired during the reporting period. Together, they've helped us grow our vessel base for these products to 6,000 vessels. We also announced the intention to acquire OneOcean, a leading maritime digital platform for voyage compliance with 16,000 vessels using its voyage planning, safety and environmental products. OneOcean complements our existing asset compliance proposition with a dynamic voyage compliance service that provides a much closer tie to our classification business and builds on our existing digital offering in performance, management and optimisation services.

A driver for our acquisitions has been the acceleration in the pace of change in digitalisation and decarbonisation in the maritime industry. Events and initiatives including COP26, the EU Emissions Trading Scheme, the conflict in Ukraine and regulations impacting ocean transportation such as Carbon Intensity Indicators (CII), have amplified our clients' need to make shipping more efficient and meet regulatory changes. Our refocus is designed to help them achieve their goals

Our Maritime Performance Services business grew across the board, building relationships with a broader set of stakeholders, including financiers, ports, charterers and fuel producers. We won two large advisory contracts for a ferry operator and a large fuel producer, highlighting our role as a respected advisor in the energy transition.

Invest - in our people, processes and tools to improve client and colleague experience

To better serve the needs of our clients, we adapted the structure of the business at the end of the reporting period to focus on Commercial and Operational activity, adopting key account management to offer a single point of contact to clients. To enhance client journeys and provide a high

Strategic Report (continued)

quality, globally consistent and coordinated service, we have been piloting tools to allow full visibility of the interactions between LR and our clients, as well as a portal providing a 24/7, single point of access to LR where clients can review the progress of their requests.

We continue to invest in alternative ways of delivering our services to clients. As an example, the shift to remote surveys, which accelerated during the pandemic, allows us to serve clients in a more agile way. In 2021/22 we launched our AI Register and our assurance services around Artificial Intelligence in collaboration with the Alan Turing Institute. This was accompanied by the maritime industry's first in-depth research report on AI. In February 2022 we announced the first AI Approval in Principle assurance of a digital twin voyage data recorder with Furuno.

We continue to invest in our people around the world, developing their skills to be able to support our clients who are adopting new tools and processes.

Transform - our business, to become more efficient, agile and digitally enabled, and our culture, to build a technical professional services mindset

Through our new Culture Roadmap, integrating culture, vision, values and mission, we are working to equip colleagues with the mindset, tools and behaviours that will bring our F.I.T To Grow strategy to life and continue to make LR a fantastic place to work.

We also embarked on a transformation of our offices to provide modern, flexible working spaces that support our sustainability goals whilst reducing our overall office footprint.

Our historic brand, an icon in the industry, was transformed to a more modern, clean and stand-out identity which has helped to shape the repositioning of our company in the minds of clients, colleagues and stakeholders. The narrative and positioning encompassed in a new vision for the Group 'Working together for a safe, sustainable and thriving ocean economy'.

Maritime energy transition

LR continues with its drive to create safe, sustainable pathways to a zero-carbon maritime industry through the work of the Maritime Decarbonisation Hub, our joint venture with Lloyd's Register Foundation. The Hub launched the Zero Carbon Fuel Monitor, a framework for understanding the environmental,

societal and investment viability of leading fuels, and the First Movers Framework, to enable comparison of different fuel transition pathways, regardless of vessel type or trade route.

There is a need to bring large-scale demonstrator ships into service to prove they are reliable and safe. LR, with two partners from The Castor Initiative, MISC Berhad and Samsung Heavy Industries, signed a Memorandum of Understanding to build two VLCCs capable of running on zero-emission fuel.

The Hub, in collaboration with several industry partners, also launched 'The Silk Alliance' to develop a Green Corridor Cluster, beginning with a route on the intra-Asia container trade.

COP26 was the most impactful COP for shipping and maritime transportation, with industry commitments exceeding expectations from governments and the International Maritime Organisation (IMO). Many organisations voiced a clear need for net zero by 2050, more ambitious than the United Nations IMO goal of a 50% reduction by 2050. Solid steps were made to ensure there are some obligations for the maritime sector by 2030, including how to move to 5% of the world's fleet net zero operation. With shipyards full until 2026, the need to act is clearly present. The announcement of the Clydebank Declaration was the most memorable outcome of COP for the maritime sector, with 26 nations now signed up to establish green corridors to help get demonstrator ships into service with the ambition to scale rapidly.

People and culture

In April 2022, we welcomed Sharron Pamplin as our new Chief People Officer. Since the end of the reporting period, we have appointed Chakib Abi-saab to the newly created role of Chief Technology & Innovation Officer. Chakib's remit includes organic investment in tools and processes for easier, faster and simpler services for both colleagues and clients, as well as horizon-scanning for processes and technologies in other sectors that could add value to maritime customers.

I wish to thank former HR Director Richard Drury, former Chief Technology Officer Nial McCollam and former Business Services Director Andrew Punter who leaves at the end of 2022, for their valuable contributions to LR.

Strategic Report (continued)

Driving greater Diversity and inclusion across our business is a core ambition and commitment, and we have made sound progress in the execution of our three-year Belonging strategy. As Strategic Partners to the Global Maritime Foundation we are part of their All Aboard Alliance programme to drive diversity and inclusion across the maritime sector. With Chakib's appointment, we have the first person on the Executive Leadership Team who isn't born or based in Europe or the US, and Sharron brings further diversity to decision-making in her role as Chief People Officer. Rising talent from within LR and impressive external employees are being attracted to our organisation. Examples include Tian Xiang Li, who assumed the role of Global Technical Support Office (TSO) Manager in July 2022 having worked at LR since 2008, and new Technical Director Claudene Sharp-Patel, who joined from Shell Australia as our new Technical Director from 1 August 2022.

While colleagues in Asia have always been included in our talent activities, we introduced a specific Asia Talent Programme designed to develop local skills and talent. 17 high-potential colleagues from India, Malaysia, Singapore, China, Korea and Japan joined a 7-month development programme which was aimed at developing a strong pipeline of successors to key senior leadership roles in this important growth market. We have also recently introduced a Graduate scheme in our SAMEA region (South Asia, Middle East and Africa).

ESG reporting

I am pleased to report that our safety metrics are improving. Situational awareness is a key issue for all of us, particularly with differing pandemic-related restrictions across our 80 operating countries, and we must not be complacent.

Mindful of the wellbeing of our colleagues and the long-term mental health and other implications of the pandemic and new ways of working, we have introduced a minimum expectation of two days per week in the office for office-based colleagues.

Our relationship with our shareholder, Lloyd's Register Foundation, is strategically important as well as a source of differentiation. Together, we launched the LR Safetytech Accelerator, the first technology accelerator fully dedicated to safety and risk in

industrial sectors and critical infrastructure. I am sure it will succeed in its mission to make the world safer.

The ten-year anniversary of the Foundation provided an opportunity to look back on the organisation's achievements, and also marked the retirement of founding Chief Executive Richard Clegg. We wish Richard all the best, as we do to his successor, Ruth Boumphrey.

LR launched a global fundraising appeal for employees, to assist with the humanitarian response to the conflict in Ukraine, with a pledge to match employee donations.

Outlook

For more than 260 years, Lloyds Register has focused on the safety and the environmental performance of ships but has had limited exposure to vessel operations. With our strategic refocus on the maritime industry, we're moving from compliance of each vessel to also the compliance of each voyage, and from that to optimisation of the voyage. This opens up a range of opportunities that our restructured organisation is well positioned to address.

With continued shifts in relation to digitalisation and decarbonisation, demand for our role as a trusted advisor across our range of services shows no sign of abating, and we look forward with confidence.



Nick Brown
Chief Executive Officer
Lloyd's Register Group Limited

5 December 2022

Strategic Report (continued)

Pro forma financial and operational highlights

The previous accounting reference date was shortened from 31 December 2021 to 30 June 2021 resulting in a six month period to 30 June 2021. To allow comparison of performance between 12 month periods, pro forma performance measures for the comparative period, including both continuing and discontinued operations for the 12 months to June 2021, have been presented. These highlights are discussed in more detail in the Financial results section below.

Financial key performance indicators

Turnover £569m 2020/21: £781m	Adjusted operating profit* £38m 2020/21: £75m	Operating cash outflow £85m 2020/21: inflow £83m
Contribution to Lloyd's Register Foundation £7m 2020/21: £3m	Operating loss £9m 2020/21: Operating profit £44m	Turnover per employee £123,000 2020/21: £128,000

Non-financial key performance indicators

Safety: High Potential Incidents** 3 2020/21: 5	Employee survey result: Engagement score*** 65% 2020/21: 67%	Average headcount (Number) 4,620 2020/21: 6,084
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* Adjusted operating profit is operating profit before exceptional costs (12 months to June 22: £26.3m, 6 months to June 2021: £6.3m), goodwill amortisation (12 months to June 22: £5.6m, 6 months to June 2021: £4.3m) and development project expenditure to enhance internal systems and processes (12 months to June 22: £14.6m, 6 months to June 2021: £3.9m).

** Number of high potential incidents. This is considered a more relevant metric than the Lost time incidents rate reported in the prior year.

*** This metric represents the result of the Employee Survey in May 2022. The Engagement Score is measured based on answers to the following two questions:

- "How happy are you working at LR?"; and
- "Would you recommend LR as a great place to work?"

Strategic Report (continued)

Section 172(1) statement

Oversight, Strategy and the Longer-term

The Lloyd's Register Board of Directors ('the Board' or 'Group Board') has overall responsibility to promote the long-term success of the Group in achieving its purpose of working together for a safer world and providing benefit to its shareholder, Lloyd's Register Foundation, whilst maintaining oversight of, and providing challenge to, the executive management in the operation of the Group's businesses.

The Board is supported by three committees, which have been delegated authority on certain matters (Audit and Risk; Nominations; and Remuneration). The Board meets six times each year and in addition attends three joint sessions with the Board of Trustees of the Lloyd's Register Foundation.

Through the use of standing agenda items and agenda items which rotate throughout the annual calendar, the Board regularly reviews all aspects of the business, its operations and risk management over both the present and the longer term.

At each Board meeting a detailed 'deep dive' investigation and discussion is undertaken into a specific risk area, in addition to the meeting where the annual risk register update is considered. During the year, one risk deep dive was postponed to allow sufficient time for another agenda item. The risk deep dives which took place during the year were Data Protection Regulations Compliance, Geopolitical changes, Major Change Projects and Cyber and Data Security. In each instance, the relevant risk owner from the business presented to the Board and responded to questions.

These activities result in the Board's effective oversight of the Group and its operations and enable it to plan for the longer term.

Key areas of the Board's focus during the year have included: the decision to dispose of the non-core digital products business; the acquisition of the GreenSteam and OneOcean businesses; completion of the disposal of the Business Assurance and Inspection Services business; the development of the Marine and Offshore strategy; diversity and inclusion; the Group's sustainability programme; and employee engagement.

This report on the Board's responsibilities under s172 has been designed and structured to demonstrate the

significance of relevant stakeholders to the Group and how the Board has engaged with and taken stakeholders into account. The Board considers that stakeholder engagement has provided the important context for its decision making and focus during the year.

Stakeholder engagement

The following section describes the Board's engagement with the various stakeholder groups and the impact on its key decisions taken during the year. It includes the disclosures required in respect of Section 172(1) of the Companies Act 2006 (s172).

1. Lloyd's Register Foundation

Lloyd's Register Foundation (the Foundation) is the sole shareholder of the Company.

Why we focus on this stakeholder

Many of the activities of the Group are of a public benefit nature, aligned to the Foundation's mission and objectives. The Foundation also receives a return on its investment when Gift Aid payments are made by the Group.

What the Foundation expects of us:

- social investment;
- further its charitable objectives; and
- a financial return.

How the Board engages and communicates

The Group's Chairman and one of the non-executive directors were members of the Group Board and the Board of Trustees of the Foundation ('Foundation Board') during the year. At each meeting of the Group Board they provide an update on the Foundation's:

- key developments in planning, strategy and events; and
- financial and operating performance.

At each Foundation Board meeting, the Group's Chairman and Chief Executive Officer update the Trustees on the financial and operating performance of the Group and key developments in planning and strategy.

Every year the Group holds an AGM and an Investor Relations Session, at which the Foundation's Board of Trustees consider the Group's annual and long-term financial plans and review the annual performance of the Group.

Strategic Report (continued)

At least once a year, the Group's Board of Directors and Foundation's Board of Trustees conduct a joint board session. The agenda for these sessions include detailed presentations by the Group's business leaders. Where possible, one of the joint board sessions takes place at one of the Group's key operational locations.

When appropriate, the Group enters into joint initiatives with the Foundation where the Group's expertise can be used to further the impact of the Foundation's work towards achieving its charitable objectives.

The Framework Protocol between the Foundation and the Company provides the mechanism to prevent the Group conducting business that would be detrimental to the purpose and reputation of the Foundation and matters of governance.

Additionally, the Group Board and Foundation Board work together on a number of key initiatives which further their shared objectives.

How the Board has taken account of these interests / Outcome

There is close alignment between the interests of the Foundation's Board of Trustees and the Group Board. The Foundation Board of Trustees view their investment in the Group as a 'social investment' since:

- the profits generated by the Group help fund the public benefit activities of the Foundation through the payment of Gift Aid donations; and
- the Group carries out activities which further the Foundation's goals globally.

The Group Board considers the potential both to enhance the financial return on the Foundation's investment and to further the mission and objectives of the Foundation when making strategic and operational decisions. The Foundation Board is consulted before decisions on reserved matters (as provided in the Framework Protocol) are made.

Examples of key decisions where the Foundation Board of Trustees was consulted during the financial period included:

- the decision to acquire the OneOcean business in June 2022;
- the continued development of the Marine and Offshore Strategy; and
- the divestment of Group properties.

Work has continued on two key joint initiatives between the Group Board and the Foundation Board during the year - the Maritime Decarbonisation Hub, open to undertaking and actively seeking partnerships with stakeholders across the industry, focused on creating a more sustainable future for shipping and contributing to society's global challenge of slowing climate change - and the Safetytech Accelerator programme with a focus on commercial application to create stronger and deeper proof points of safetytech impact on clients' management of safety and risk. The latter is carried out through Safetytech Accelerator Limited, a non-profit distributing subsidiary of the Group.

In November 2021, the Board approved the payment of a donation to the Foundation in accordance with its historic dividend policy.

In March 2022, the Board held its joint session with the Foundation Board in Trieste, Italy. The Boards were able to visit a number of client locations and engage with Lloyd's Register colleagues and clients in the region. During the joint session, the Boards considered the evaluation and monitoring by Foundation of its social investment in the Group, and considered shared projects, including the projects noted above and the secondment of Group employees into the wider community, including with the UN and in connection with climate change and low carbon shipping commitments. They also considered how to create further strategic alignment.

In May 2022, the Board held its annual investor relations meeting with the Foundation, with presentations in respect of strategy, the corporate narrative; partnership with the Foundation; the plans for growth of the Marine and Offshore business; the LR Group budget; and the annual review of previous acquisitions and investments.

2. Customers

LR's customers are those stakeholders to whom LR provides our services

Why we focus on these stakeholders

Customers are at the heart of everything that LR does. Our customers expect the Group not only to deliver world-class compliance and performance management services but increasingly also become a trusted advisor, helping them to maximise their operating efficiency, profitability and sustainability.

Strategic Report (continued)

Customers care about:

- Safety
- Sustainability
- Trusted long-term partnerships
- Technical expertise
- Quality of service

How the Board engages and communicates

At each Board meeting, the Chief Executive Officer's report includes an update on customer matters including key engagements with customers since the previous meeting, sales and marketing reports including sales team data and growth in new products. The report contains sections from each of the business lines on customer engagement and operational matters including contracts under negotiation and new products.

When possible, the Board undertakes an annual visit to a customer site. Activities at that event include engagement with key client representatives and discussion on customer satisfaction and how LR can enhance its services to meet the customer needs further.

The potential for negative impact on LR's brand and loss of market share due to loss of customer trust as a result of negative customer experience is one of the Group's principal risks. Each year, the Board conducts a detailed review of the risk register which includes customer experience as a risk, and the actions LR is taking to achieve a competitive customer experience.

How the Board has taken account of these interests / Outcome

During the year the Board continued to develop the strategy, focussing on the following objectives:

- the acquisition of the GreenSteam business and the OneOcean business to enhance the strategy to focus on the maritime sector;
- continuing to develop the strategy to focus on the maritime sector and opportunities within the Ocean Economy; and
- to enhance LR's service delivery to its maritime customers by investing in the development of Marine Performance Services.

Regular updates have been provided to both the Group Board and the Foundation Board on progress

with these objectives, with the acquisition of the OneOcean business being approved by the Boards of LRG and the Foundation in June 2022.

The Board prioritises investment in LR's technical standards to maintain the Group's position as a world-renowned thought-leader in the marine and offshore industries in which it operates focused upon customer safety, operational efficiency and profitability. Examples of research and insights published by LR are available on <https://www.lr.org/en-gb/insights/articles>.

At its meeting in February 2022, the Board noted and confirmed the adoption of Technical Rule changes which had been discussed and agreed by the Marine technical committees and confirmed the elections and re-elections of members of the technical committees.

The Board's drive for LR's thought leadership and innovation has led to the development of further products and services to meet our customers' needs better. Particularly during the year, these include investment in digitisation of our services to deliver remote testing in all our key business lines. As part of this process, during the year, a demonstration of the digital customer portal was presented to the Board, and the Board received an update on the marine digitisation investment plan.

3. Workforce

The Group defines its workforce as its employees and subcontractors.

Why we focus on this stakeholder

The Group's workforce is vital to the success of the Group. By demonstrating the Group's values of "We care, We share, We do the right thing" they build and maintain the relationships with our customers and continue to support the Group's reputation for technical excellence.

Our workforce expects to:

- be safe when performing their work;
- work in a culture in which they can achieve their potential;
- receive fair pay; and
- have good working conditions.

Strategic Report (continued)

How the Board engages and communicates

The Group's Chief People Officer (previously the Group Human Resources Director) attends several board meetings, including annual presentation of various initiatives such as the implementation of the Group's Diversity and Inclusion programme and Talent and Succession planning.

Safety of the Group's workforce is of primary importance to the Board who approves the annual safety plan and receives a Health, Safety and the Environment (HSE) report at each Board meeting.

The Board also receives updates on the employee surveys including the overall employee engagement score key performance indicator and the related action plans. The Board has delegated the development of action plans to respond to the findings of the employee surveys to the Executive Leadership Team who report on the goals and initiatives, which are measured through the results in subsequent years' surveys.

The Board engages directly with Group employees by video communication from the CEO on the Group intranet, at a Global Business Forum event for leaders from across the Group and, when possible, by an annual visit to a different business location where the Directors meet with local employees.

The Group maintains a number of significant defined benefit pension schemes and the Board is responsible for the continued ability of the Group to settle these post-retirement obligations. With regard to the Group's largest defined benefit plan, the LR Superannuation Fund Association (LRSFA), the Chief Financial Officer periodically attends Trustee meetings to update on historical and forecast Group performance.

The Chair of the Remuneration Committee reports to the Board at each meeting on the matters considered by any Remuneration Committee meetings held since the last Board meeting. These matters include the structure of remuneration and benefits across the Group and at executive level.

How the Board has taken account of these interests / Outcome

Key actions taken by the Board and the Executive Leadership Team to promote and measure employee engagement are described in more detail in the section on employee engagement on page 24.

The regular HSE reports to the Board during the year contained a strong focus on employee safety, with specific sections on safety, health and wellbeing, quality, and a covid update

The Board delegates employee engagement to the Executive Leadership Team which provides quarterly Group-wide webinars for all Group employees including question and answer sessions.

During the year the Group Human Resources Director provided updates to the Board on the outcome from the Employee Opinion Survey and the actions being taken as a result. They also provided an update on the actions being taken in respect of Diversity and Inclusion. Following the retirement of the Group Human Resources Director, the new Chief People Officer met Board members and gave a presentation on the cultural transformation which will equip employees with the tools needed to support the new operating model.

4. Suppliers and Regulators

LR's suppliers are those stakeholders from whom LR receives goods and services.

Regulators are those stakeholders by whom LR and its services are assessed and regulated.

Why we focus on these stakeholders

Reliable suppliers are vital to the success of the 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 Group employees.

Suppliers and regulators care about:

- fair terms of trade;
- prompt payment; and
- high standards of skill and compliance with the requirements of the regulatory bodies.

Many of the services provided by the Group during the year were subject to compliance with accreditation bodies and regulators such as British Standards Institution (BSI), International Organization for

Strategic Report (continued)

Standardization (ISO), International Association of Classification Societies (IACS), European Maritime Safety Agency (EMSA) and American Society of Mechanical Engineers (ASME) amongst others.

Following the sale of the BAIS business during the year the Group has become focussed on Maritime industry regulators such as IACS and EMSA noted above. The Group's reputation is enhanced by having accreditation with regulatory bodies.

The selection of suppliers and services are typically monitored by the Group's operational functions working with Group procurement, however the selection of key suppliers of, for example, banking arrangements, IT systems and major property leases are also reviewed by the Board.

How the Board engages and communicates

As detailed further in the Audit and Risk Committee report, the Board delegates the detailed oversight of the Group's compliance with various regulatory and compliance standards to that Committee.

At each meeting, the Audit and Risk Committee receives a report from the Group's Quality, Health, Safety and Environment (QHSE) function which performs reviews of compliance with the Group Management System, a global set of documented policies, procedures and guidance covering all aspects of the Group's operations, that is designed to ensure ongoing compliance with the requirements of our external regulators. The report includes the results of external assurance work testing by the accreditation bodies and regulators which test the Group's compliance with various regulatory and compliance standards. A report is given to the Board by the Audit and Risk Committee of any meetings held since the last Board meeting.

The Audit and Risk Committee also receives at each meeting reports from the Ethics and Compliance Committee and Internal Audit, all of which include reports relating to regulation and accreditation bodies.

How the Board has taken account of these interests / Outcome

The activities of the Audit and Risk Committee detailed above have all taken place during the year.

During the year, the Committee noted the work being carried out to separate the Group and BAIS business ISO certifications and other accreditations to enable each to operate with autonomy following the sale of the BAIS business.

In March 2022, the Committee noted the completion of the processes to become a Notified Body for Marine Equipment Directive activity and to become a Certification Body for renewable energy by the International Electrotechnical Commission for Renewable Energy.

During the year, the Committee received regular updates on the status and outcome of Flag administration audits carried out during the period and updates on assurance activities. The Committee noted that there were no significant risks to Marine and Offshore accreditations and the overall risk to loss of accreditation was low.

5. Society and the Environment

LR's impact on social and environmental communities where LR deliver its services

Why we focus on this stakeholder

To further LR's aim of 'working together for a safer world', LR has a responsibility to use its position of influence to be a thought-leader on sustainability.

What society expects of us:

- Corporate responsibility
- Trusted advisor to our industries, promoting safety and efficiency
- Operate sustainably

How the Board engages and communicates

LR Group is a social investment of the LR Foundation – it has a social purpose with strong links to safety in the community. At each meeting the Board receives a report on Quality, Health, Safety and Environmental (QHSE) matters and discussed Sustainability and Environmental, Social and Governance (ESG) matters and either initiated or considered initiatives to influence global progress in this area.

The QHSE reporting includes high potential incidents and any lost time incidents throughout the Group which have led to injury or time away from work due to QHSE factors. High Potential incidents are considered a key performance indicator.

Strategic Report (continued)

The Board also receives an update on the activities of the Lloyd's Register Foundation at each meeting providing insight into work carried out to achieve the Foundation's and Group's objectives.

How the Board has taken account of these interests / Outcome

The actions taken by the Group on ESG factors are reported in a separate publication on www.unglobalcompact.org and are summarised in the section on sustainability below.

Lloyd's Register was a contributor to the development of the Sustainable Ocean Principles along with stakeholders from the private sector, NGOs, academic institutions and UN agencies and signed the United Nations Global Compact in 2018.

As described above in the section on the Foundation as a stakeholder, the Group is wholly owned by the Lloyd's Register Foundation as a social investment. This is reflected in how the Board has approved joint initiatives between Lloyd's Register Group and Foundation on the creation of the LR Maritime Decarbonisation Hub and the Safety Accelerator. The Group's 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. In addition, the Group's activities in delivering services such as clean energy are examples of how the Board has regard for the societal and environmental benefits resulting from the Group's operations.

The Board also supports in smaller scale social sponsorship and donations to contribute toward the communities in which the Group participates. Activity in this area during the period has included provision of discounted classification for Mercy Ships as part of the donations to charitable grants and activities reported in the Directors' Report. In response to the humanitarian crisis in the Ukraine, in addition to the £100,000 committed by the Foundation to UNICEF's Ukraine appeal, the Group also launched a global

fundraising appeal, with a pledge to match colleague donations.

In July 2021, the Board received an update from the Chief Marketing Officer on the Group's Sustainability Programme and the key messages and engagement at COP26, noting the priorities for global challenges, including climate change and supporting the UN's Sustainable Development Goals. The report included details on how the Group planned to address challenges within its own operations, including safety, diversity and emissions, whilst enabling clients to improve their own sustainability performance in sectors such as ocean clean transport and energy transition.

Strategic Report (continued)

Risk Management

Governance

The Board has overall responsibility for establishing, monitoring and maintaining an effective system of risk management and internal controls.

Lloyd's Register has in place an established risk management and control framework that facilitates the effective identification, evaluation and management of our key and emerging risks.

This framework is regularly refreshed and updated. There have been no significant changes to the framework in the year.

Identifying and evaluating risks

The identification of risks within LR is a continual process. We have established a defined structure within business streams and functions designed to identify and evaluate the risks facing the business. Through management and stakeholder engagement, streams and functions prepare their business risk registers, forming the foundations for the Group Risk Register.

The Group considers both internal and external risks, assessing each risk against a defined scale to allow a consistent evaluation methodology to be followed across the organisation.

The risk scale matches impact with likelihood, with the assessment of the risk impact considering:

- Financial;
- Reputational;
- Legal & Regulatory;
- Management time; and
- Health, Safety, Environment and Security.

The key elements of LRG'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 LRG;
- to enable 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.

When evaluating risks, the Board focuses on the impact of a risk, irrespective of the likelihood. This allows the Board to consider all risks with a potentially material impact, ensuring in particular that high-impact, low-probability risks remain fully visible.

Management of Risks

Key and emerging risks identified by the business are aggregated within the Group Risk Register, with the risks identified owned and managed by members of the key management personnel. They are responsible for ensuring that the internal control framework operates effectively and for implementing risk mitigation plans.

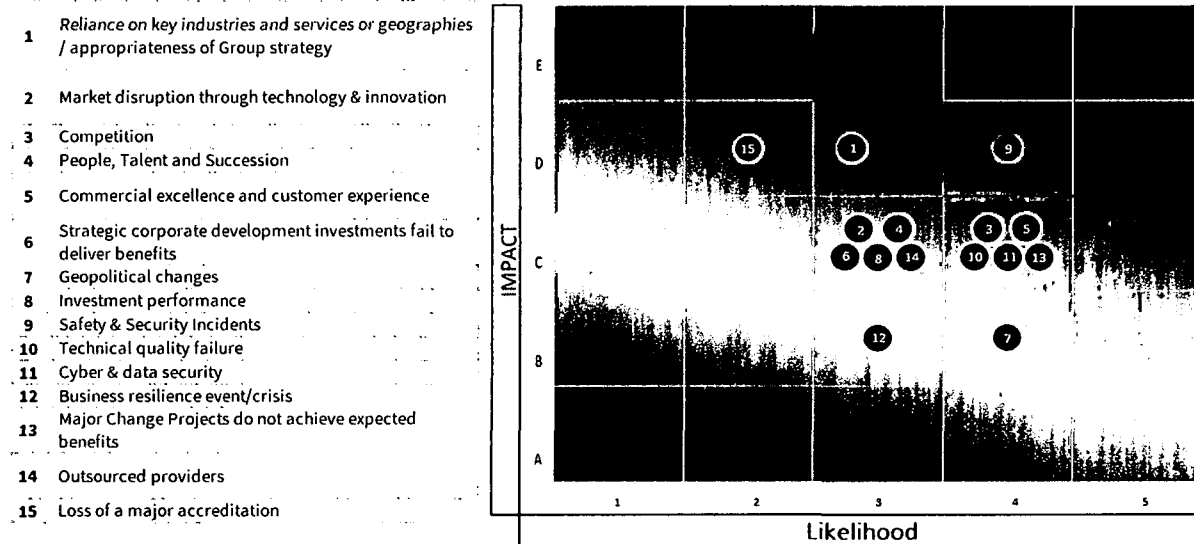
The Group Risk Register is subject to regular and detailed review and discussion by key management personnel and is updated to reflect changes in strategic, operational and legal and compliance risks, and the controls and mitigations associated with these risks.

On an annual basis, the Board undertakes an assessment of the risk management framework and the key risks. Furthermore, a programme of risk deep dives is presented by senior leadership at each Board meeting.

Strategic Report (continued)

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.



Principle risks & uncertainties

Strategic Risks		
Risk	Possible Impact	Mitigations
<p>1 Reliance on key industries, services or geographies and appropriateness of Group strategy</p> <p>LR is materially exposed to a number of industries, products and geographies. A sharp decline in any of these areas will impact LR's revenue and earnings.</p>	<ul style="list-style-type: none"> • Pressure on pricing resulting in reduced revenues, earnings, margins, and cashflows. • Lower renewal rates and / or loss of market share. • Inability to realise ambitions with digital services or to achieve targets for Strategic Growth Initiatives. 	<ul style="list-style-type: none"> • Rigorous review against strategic growth initiatives through Quarterly Business Reviews. • Regular Board review of strategy and oversight of implementation and alignment. • Monthly rolling outlook forecasting and detailed reviews of sales pipeline and opportunities and risks. • Acquisitions allied to organic growth delivering new services and accessing adjacent marine markets.
<p>2 Market disruption through technology & innovation</p> <p>Disruption to LR's business model by both digital and data led models.</p>	<ul style="list-style-type: none"> • Loss of market share. • Reduced revenue and earnings. • Loss of LR's reputation for technical leadership. 	<ul style="list-style-type: none"> • Development of new digital innovation capabilities including marine specific solutions working closely with partners. • Evolution of digital innovation hub allowing scaling of capability and support for the Digital Product Strategy.
<p>3 Competition</p> <p>Disruption to existing core markets due to aggressive competitor activity and / or increased competition from new entrants to core markets.</p>	<ul style="list-style-type: none"> • Downward pressure on pricing leading to lower revenue and/or margins. • Lower renewal rates and loss of market share. • Inability to realise ambitions with digital services. • Inability to achieve strategic initiative growth targets. 	<ul style="list-style-type: none"> • Group and stream level monitoring of competitive landscape. • Quarterly business reviews and explicit monitoring of competitor activity. • Investment in technical capabilities and rule development. • Development and roll out of digital strategy.

Strategic Report (continued)

<p>4</p>	<p>People, talent and succession</p> <p>Long-term resource: lack of skills required to support strategic growth, innovation and new product development.</p> <p>Succession planning: Loss of key technical and/or management may arise, leaving LR without appropriate resources for succession.</p> <p>Delivery of organisation change across LR is crucial in order to access and leverage the benefits identified by the new strategy.</p>	<ul style="list-style-type: none"> • Successful delivery of strategic business goals may be jeopardised. • Reputational damage caused by a lack of expertise, especially in new technologies. • Inability to respond to new opportunities, impacting revenue, earnings and growth targets. • Reduced ability to deliver technical capabilities or respond to clients' needs. 	<ul style="list-style-type: none"> • Strategic workforce planning by business streams. • Ongoing succession planning to develop pipelines of identified talent, including bench strength and primary successor programmes addressing key successor development needs. • Retention planning. • Identification of high-risk individuals and high value professionals. • Asia talent programme implemented to identify successors and test framework for global extension. • Investment in Diversity and Inclusion agenda to support Belonging strategy. • Career coaching scheme launched to enhance people development.
<p>5</p>	<p>Commercial excellence and customer experience</p> <p>In increasingly competitive markets, there is a risk that our competitors' commercial capabilities and customer experience may exceed those of LR, resulting in the inability to attract new customers and / or the loss of existing customers to competitors.</p>	<ul style="list-style-type: none"> • Lower awareness of LR, diminished reputation results in loss of market share or reduced ability to cross-sell services, up-sell new digital services, retain clients or sell new services. • Reduced sales pipeline and conversion rate leading to lower revenues and margins. 	<ul style="list-style-type: none"> • Product and portfolio management commercial dashboards and sales targets and reporting. • Customer experience dashboard linking to Net Promoter Score and complaints monitoring. • PR and digital measurement. • Cultural change through Be The change programme. • Global Employee Opinion Survey. • Delivery of Professionalising Customer Service programme.
<p>6</p>	<p>Strategic corporate development investments fail to deliver expected benefits</p> <p>Risk that acquisitions, joint ventures and partnerships do not generate expected returns on the investment or other benefits that the Group expect to derive.</p>	<ul style="list-style-type: none"> • Expected benefits are not achieved. • Impairment or write off of investments. • Management time focused on strategic investments at the expense of core business. • Assumed business liability is not as expected e.g. business litigation. 	<ul style="list-style-type: none"> • Business cases developed by accountable executives. • Due diligence undertaken prior to investment, with warranties included in acquisition contracts. • Post investment monitoring. • Post-acquisition implementation review checklist incorporated into the business case. • Defined governance procedures for new investments. • Post investment appraisal conducted independently of accountable executive.
<p>7</p>	<p>Geopolitical changes</p> <p>Specific changes in policy, sanctions or tensions between countries may directly impact LR's markets, licence to trade or employees.</p>	<ul style="list-style-type: none"> • Depressed market demand and slow growth due to uncertainty. • Inability to trade in certain locations with a direct impact on income and earnings. • Political unrest implications for LR people. • Mutual recognition impacts on income streams and technical quality. 	<ul style="list-style-type: none"> • Legal and business stream management with oversight from key management personnel. • Global QHSE teams monitor situations locally and report on employee impact to the Executive Leadership Team ("ELT"), with regular updates to clients and colleagues. • Participation in EU and IMO working groups on mutual recognition.

Strategic Report (continued)

8	<p>Investment Performance</p> <p>The performance and returns of investment funds is dependent upon stock market performance, the global economy, and the ability of the respective management teams to respond to and manage through a down-turn.</p>	<ul style="list-style-type: none"> • Poor investment performance may lead to a material fall in the cash available to LR. • LR may be unable to deliver acquisitions in line with its strategic goals. 	<ul style="list-style-type: none"> • Rigorous senior level review of performance. • Management of funds across three defined horizons. • Alignment of investments between LRF and LRG.
Operational Risks			
Risk		Impact / Current risk issues	Mitigations and Future actions
9	<p>Safety & security incidents</p> <p>The risk of a serious incident to one or more LR personnel that results in death, life-changing injuries, or health conditions as a result of work conditions and working in or travelling to high-risk environments that are often outside LR's direct control.</p>	<ul style="list-style-type: none"> • Injury or death of employees. • Human impact on individuals' concerns, their colleagues and families. • Potential legal or regulatory actions and fines. • Reputational damage. • Loss of customer trust. 	<ul style="list-style-type: none"> • Oversight by Group Safety Council and key management personnel, with alignment to Group Strategy and objectives. • QHSE strategy focused on key risks and strengthening the safety culture within LR. • Independent audits. • Progress, incidents and performance reported and reviewed at ELT and Board via Integrated QHSE dashboard metrics. • Practical training for all employees likely to be involved in high potential activities and review / monitoring of high-risk journeys. • Specialist consultants managing emergency response. • COVID-19 response protocols. • Global implementation of Mental health first aid network.
10	<p>Technical quality failure</p> <p>Failure of LR technical or quality procedures or internal controls resulting in defective advice or certification leading to the operation of unsafe assets.</p>	<ul style="list-style-type: none"> • Potential legal claims. • Reputational damage. • Client complaints and loss of key clients. • Regulatory investigation and fines. • Loss of license to operate. 	<ul style="list-style-type: none"> • Technical competency management (including activity monitoring). • Product service delivery procedures. • Technical verification. • Internal Technical audits and process audits. • Programme of external audits proving assurance over technical quality.
11	<p>Cyber & data security</p> <p>A targeted cyber-attack or other breakdown of security resulting in loss of personal or commercially sensitive data which could include confidential client data or commercially sensitive information.</p>	<ul style="list-style-type: none"> • Fines. • Legal claims. • Reputational damage. • Loss of business. • Fraud. • Use of management time. • Inability to deliver client services. 	<ul style="list-style-type: none"> • Enhanced security event monitoring focused on cloud platforms. • Multifactor authentication as standard for all cloud-based platforms. • Independently assessed ISO27035 Incident Response Process, with 24/7 monitoring and resolution. • Data classification and labelling enabling identification of sensitive information and appropriate protections. • Best in business Cyber Security Training. • Fully embedded security collaboration at all levels across the business, including vulnerability management as a primary focus. • Improvement strategy delivering enhancements continuously.

Strategic Report (continued)

<p>12</p>	<p>Business resilience event/crisis Major resilience events impact the Group leading to infrastructure disruption that could prevent the Group from delivering its operations.</p>	<ul style="list-style-type: none"> • Inability to deliver services to clients. • Inability to operate back-office functions e.g. cashiering, payroll, invoicing and payments. • Competitors are better prepared and gain market share. • Reduction in revenue, margin, lower renewal rates and market share. • Reputational damage and loss of customer trust. • LR employees' health and safety. 	<ul style="list-style-type: none"> • Crisis management plans/tool kit in place for key management personnel and business leadership. • Business continuity plans in place and refreshed and rehearsed regularly. • Regular testing of data centre resilience. • Business impact assessments at key locations. • Emergency response communication software in place.
<p>13</p>	<p>Major change projects do not achieve expected benefits Change projects may not achieve expected outcomes due to poor project scoping and change control, shortages of delivery skills and capability, low business maturity around project decision-making - impacting ROI (scope change), lack of ownership by sponsoring business streams or ineffective benefits tracking and lessons learned reviews means that success of projects cannot be assessed.</p>	<ul style="list-style-type: none"> • Strategic objectives not met. • Increased spend on projects. • Expected change and benefit is not delivered resulting in wasted cost and continued inefficiencies. • Opportunities are missed resulting in loss of potential revenue. 	<ul style="list-style-type: none"> • ELT Management of major group projects. • Monthly Change Board with oversight of change portfolio and ELT attendance to approve all change investments. • Project sponsorship role defined - providing ownership of projects. • Lessons learned reviews and sharing of key recommendations. • Improvement in quality assurance reviews of investment documents.
<p>14</p>	<p>Outsourced Providers Reliance on third party suppliers may impact the Group's resilience, through loss of business understanding, supplier financial failure, supply chain interruption and failure, disruption to LR's ability to achieve its strategic goals and objectives and lack of expertise in managing third party suppliers.</p>	<ul style="list-style-type: none"> • Reputational damage and loss of customer trust. • Reliance on third parties to deliver back-office functions e.g. cashiering, payroll, invoicing and payments. • Breach of local HR legislation. • Delays in delivery of support impact operational delivery. • Knowledge transfer of legacy systems is ineffective impacting resolution times and customer experience. 	<ul style="list-style-type: none"> • Regular reporting, review and oversight of supplier metrics and performance. • Regulatory governance and reporting in place with key suppliers/vendors, including oversight of key performance metrics. • Additional governance forums setup for key suppliers, including implementation of relationship framework responsible for monitoring delivery.

Strategic Report (continued)

Legal and Compliance Risks		
Risk		
15	<p>Loss of a major accreditation</p> <p>A major accreditation (licence to operate) is lost in a key market or across key geographies. This may arise from regulator audit(s) highlighting significant non-conformities with standards that cannot be quickly remediated, significant technical failures (see risk 10), whistleblowing highlighting LR's non-compliance with regulations or procedures or a breakdown of the relationship between LR and the Regulator.</p>	<p>Impact / Current risk issues</p> <ul style="list-style-type: none"> • Loss of market access and market share. • Lower revenue and/or margins. • Reputational damage.
		<p>Mitigations and Future actions</p> <ul style="list-style-type: none"> • Technical competency management, including activity monitoring and product service delivery procedures in place. • Technical verifications and internal technical and process audits undertaken. • Accreditation relationship management and supervision thereof. • Remapping of Technical Quality and assurance coverage following divestment activities.

Strategic Report (continued)

Sustainability

Our vision for safe and sustainable oceans

Safety has always been at the core of our work, and it's evident to us that a more sustainable world is a safer world. We have progressed from a focus on safety to incorporating broader environmental impacts. Now, we are going further to understand the social and sustainability value of our work, to achieve our vision of working together for a safer, sustainable, thriving ocean economy.

A healthy planet needs healthy oceans

Oceans cover more than 70% of the earth's surface. Billions of people rely on oceans for their livelihood. Whole economies are built on activities that involve oceans. Ocean-based industries are growing at an unprecedented rate; \$1.5 trillion is contributed by oceans to the global economy each year and this is predicted to double by 2030. This is a critical time to support the health of oceans, and organisations working in this field need to be supported.

We are committed to supporting our clients through their own sustainability journeys while operating responsibly when we carry out our business activities. The ocean economy is vast and we cannot focus on everything. Therefore, we will focus on areas where we can be a catalyst for change, add the most significant value and make a distinct impact.

Where are we committed?

By raising awareness of the biggest safety challenges in the ocean economy, we will focus on helping our stakeholders to achieve full decarbonisation. This will enable a more resource-efficient ocean economy, which will help to increase the resilience of maritime infrastructure and supply chains. We will do this while leading with integrity, doing business in a responsible way. This means keeping our people safe and healthy, ensuring they can be effective global ocean citizens, being a beacon of diversity and inclusion for the sector, making our own low carbon transition and always conducting our business ethically.

We have identified focus areas where we can add value and make a distinctive impact:

1. Help our stakeholders achieve a zero-emission shipping sector while meeting our own science-based targets
2. Adopt circular economy principles that use resources responsibly.

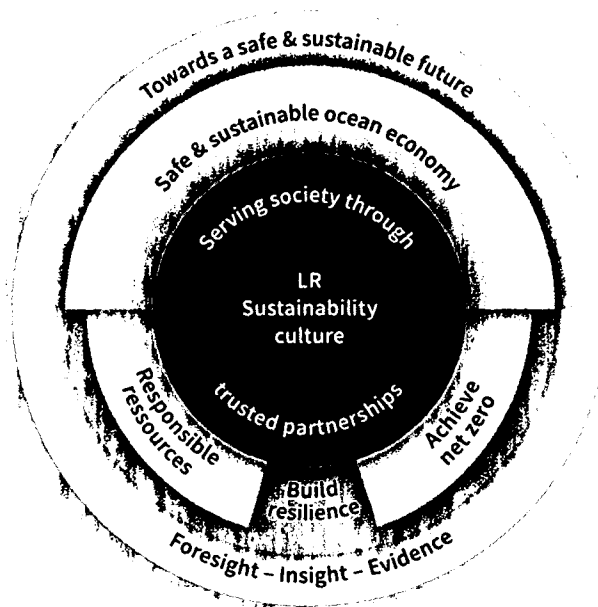
Through these decarbonisation and circular economy goals, we're helping to build a future of resilience in maritime.

We are aligned and committed to the UN Sustainable Development Goals (SDGs). Although our activities touch the majority of the SDGs, we're focusing our efforts in the areas we can make the biggest difference.

Although we operate in many ocean sectors, including shipbuilding, vessel repair, ports, maritime asset components and offshore energy, more than three quarters of our business is generated from shipping. This is where we can make the greatest impact, so this is where we are starting.

Strategic Report (continued)

Our framework for achieving sustainability combines our values, priorities and vision:



- **A sustainable future is also a safe future** - We have identified challenge areas where there is a compelling need to change, and by harnessing our unique strengths and assets, we can make a real difference.
- **Embed a sustainability culture** - Our sustainability vision is built on the strong foundations of our values and culture. It is these that inform the decisions we make, how we engage with our stakeholders and how we do business. Safety, ethics and compliance, diversity and inclusion are all embedded within these, which are essential to being regarded as a trusted partner.
- **Partnerships for change** - We cannot achieve our vision alone. We need to collaborate and be seen as the trusted partner for our stakeholders and our communities. Through shared vision and ambition, we can create shared value to achieve transformational change.

Zero emission shipping: The transition to zero

We are committed to zero-emission shipping by 2050. Our goal is to have zero-emission vessels entering the fleet in 2030. This is aligned with the Race To Zero 2030 breakthrough goal of 5% of vessels using zero emission fuel in international shipping by 2030. We will do this by leading at least two first mover programmes to create green corridors, which are defined as zero emission routes between two or more ports. These will be implemented by the middle of the decade. The first is the 'Silk Alliance', a consortium led by LR and starting with intra-Asia container trade, which was announced during the reporting period.

We recognise that reskilling and upskilling the workforce are integral to transitioning the industry to a zero-emission value chain of new fuel production and distribution. Through partnerships, we want to ensure a just transition for the workforce, where jobs are safe and decent, and do not propagate existing inequalities or create new ones. For this reason, we are a founding partner of the Just Transition Maritime Taskforce, which will lead efforts to ensure that the transition to a decarbonised industry is safe and inclusive.

Responsible resources: Operating on circular principles

The sectors that we work with can be resource intensive, particularly in how assets are designed, constructed, operated and recycled. The ocean as a resource needs to be protected.

We believe that by 2030, circularity principles need to be integrated into the lifecycle of maritime assets, including design, operation and end-of-life. We are committed to embedding circularity into the maritime industry, exploring its opportunity and feasibility, and designing practical solutions that create value. We are working in

Strategic Report (continued)

collaboration with like-minded partners who share our goal and ambition through the Sustainable Shipping Initiative (SSI).

Building resilience

Existing infrastructure and supply chains are under increasing pressure from the increasing demands of population growth, climate change and resource depletion. By increasing our ability to adapt, grow, survive and recover – in other words, become more resilient – we can mitigate the myriad complex and interconnected challenges that confront us.

We believe that focusing on alternative fuels for decarbonisation and supporting a circular economy can drive greater resilience across supply chains and unlock wider benefits in society, particularly in coastal communities.

Creating partnerships for change

Bringing together the right voices and expertise is fundamental to achieving the right outcomes in sustainability. For this reason we play an active role in the Getting to Zero coalition, the Global Maritime Forum and the United Nations Global Compact, where we work with other knowledge-holders to drive change in our industries.

Nurturing a sustainability culture

Our sustainability vision is built on the strong foundation of our values. These inform our decisions, how we engage with clients and how we do business. We have a long and proud heritage of doing the right thing. To address our important global challenges externally, we need to build sustainable ways of working internally, aligning our practices to our values.

We are committed to zero harm for our people and the planet, investing in our people so they have the tools, resources, and knowledge to be catalysts for a sustainable ocean economy. We will be champions of diversity for the maritime sector, creating a safe, equitable, inclusive and ethical way of working.

Our targets

Our near-term goals:

- 4.2% reduction per annum across LR's GHG footprint

Our 2030 targets:

- Zero carbon emissions brought forward to 2040 at the latest
- Interim 1.5°C-aligned emissions reduction
- 100% global electric vehicle fleet

Our sustainability performance

Our credibility is underpinned by taking climate action on our Greenhouse Gas footprint. We're committed to an ambitious science-based target that ensures our own decarbonisation journey is aligned to a 1.5°C world. We will bring forward our zero-emissions goal to 2040 at the latest.

Strategic Report (continued)

Energy and Carbon Reporting

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

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

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

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

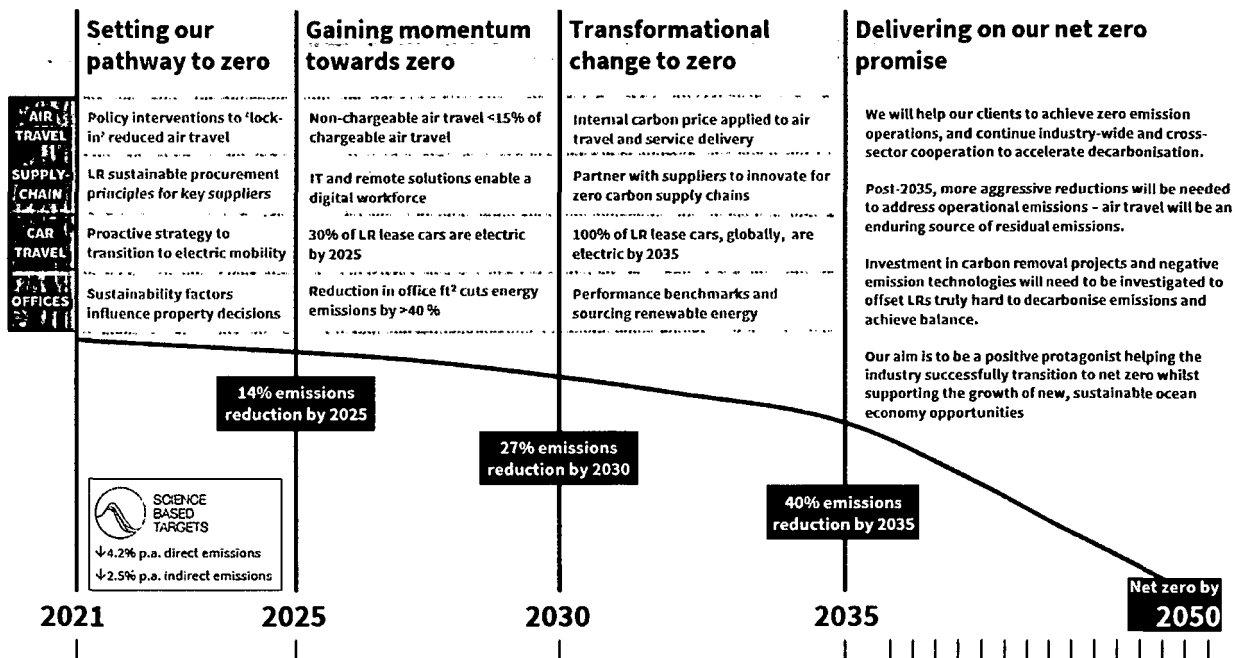
Quantity of Energy consumed for which the company is responsible	Global	
	Kilowatt Hours kWh	
	12 months to 30 June 2022	6 months to 30 June 2021
Gas	4,463,341	2,392,399
Purchased electricity	13,596,901	4,450,170

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

Strategic Report (continued)

Our GHG Reduction Plan and Science-Based Target

Our timeline to zero-emissions by 2050



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

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



Chief People Officer's report

Refreshed strategy

In January 2022, we brought all our people together at our first ever all-employee conference, to launch our refreshed strategy. The strategy, F.I.T. to Grow, aligns with our renewed focus as a maritime business and represents our plans to Focus, Invest and Transform our business together to better support our customers and fulfil our growth ambitions.

Six months after its launch, we updated employees on the progress we are making against the goals that underpin our plans. We continued the conversation with the launch at the end of the reporting period of our new strategy navigation portal – a 'one stop shop' for all F.I.T. to Grow updates.

Strategic Report (continued)

COVID-19

Having proven its resilience throughout the COVID-19 pandemic, the Group continued to adapt its processes and procedures in response to the impacts of the pandemic in the countries in which it operates, allowing the organisation to support the safety of customers and employees in line with local guidelines.

Ways of working

LR is a business that thrives on knowledge-sharing and experience. Because of this, we foster a culture of collaboration through the promotion and adoption of our flexible working model. For office-based colleagues, a minimum of two days per week in the office was introduced during the reporting period. As well as offering employees greater flexibility through the practice of blended working, we have seen real benefits as employees have embraced the two-day office model, with employees and teams coming together to take part in a range of both office-based and virtual team days and planning, goal setting and training sessions, as well as a selection of townhall and live Q&A sessions.

Feedback on the model has been largely positive, with one employee commenting in the most recent employee survey that, "I strongly feel that the blended approach to working from home/some team days in the office is the right one for me. I have felt supported throughout the pandemic and on my return to the office."

Others have noted in our 'ways of working' feedback survey that the model helps support our relationships and interactions with our customers, as well as reducing our carbon footprint:

- "This will help us be more flexible and proactively support customers."
- "WFH has increased my efficiency to manage employees and customers remotely."
- "I agree with the new ways of working – productivity and delivering results safely, regardless of location. We have the technology to collaborate without (being) face to face, and the impact on the environment will ensure that we are delivering our strategy on reduced carbon footprint."

Listening to our people

In line with previous years, the Group performed one main employee opinion survey during this reporting period, as well as shorter 'pulse' check-in surveys, which allow us to frequently 'listen in' on the pulse of the organisation and refine our plans accordingly.

In November 2021, the Group ran an extensive employee survey asking colleagues 32 questions about their experience of working for LR. In a year of significant change for the organisation, our engagement score dropped by one point to 66, though scores in four of our 32 questions increased since the last full survey in May 2021 – for Career, Empowerment, Growth and Recognition.

The Group also ran a shorter pulse survey in May 2022, with seven questions covering topics including Communication, Belonging and Culture. Despite scores dropping slightly since November 2021, our engagement score remained relatively stable at 65, with feedback showing employees' continued pride in working for LR, as well as in the strength of our relationships with our customers.

Diversity, Equity and Inclusion

LR wants every colleague to feel they belong, and to offer a place of safety where people can be their authentic selves, bringing their unique perspectives and talents to every challenge. To this end, the Group took action on its commitment to promote of a greater sense of belonging at LR by setting up a range of employee representative groups.

These networks are each sponsored by a member of the ELT and are organised around diversity categories on Gender, Ethnicity and LGBTQIA+ to identify issues and opportunities relating to shared identities and experiences and suggested ways that LR can improve its diversity, equity and belonging. By representing our employees' voice and guiding initiatives aligned to our developing people strategy, we have seen the networks gain momentum

Strategic Report (continued)

and in turn, the organic growth of a new DisAbility Alliance colleague network, launched just after the end of the reporting period.

In October 2021, we launched our new Belonging strategy as part of a continued ambition to embed our diversity, equity and inclusion initiatives into our business and processes. Almost one year on, while we are beginning to see that a number of these projects and initiatives are resonating with our people, we are conscious that we still have a lot to do. We remain committed to building on what has been a positive first year, with the foundations laid to support our ambition to become a beacon of diversity, equity and inclusion in the maritime industry.

Strategic Report (continued)

Financial Results

Turnover for the year to 30 June 2022 was £569.1m (6 months to 30 June 2021: £375.7m).

The Group's underlying trading performance is measured through its adjusted operating profit measure which was £37.5m for the year to 30 June 2022 (6 months to 30 June 2021: £38.1m). Adjusted operating profit is defined as operating profit before exceptional costs, goodwill amortisation and development project expenditure to enhance internal systems and processes. Development project expenditure for the year to 30 June 2022 was £14.6m (6 months to 30 June 2021: £3.9m).

Total Group operating profit before exceptional costs for the year to 30 June 2022 was £17.3m, (6 months to 30 June 2021: £29.9m). Group operating profit from continuing operations before exceptional costs for the year to 30 June 2022 was £17.5m, (6 months to 30 June 2021: £26.4m). Discontinued operations comprise the BAIS business line which was disposed of on 2 December 2021.

Total Group exceptional costs for the year was £26.3m (6 months to 30 June 2021: £6.4m) and relates to the surrender of an operating lease following a review of Group's office requirements, restructuring activity associated with changes in processes and resource requirements following restructuring within back office functions and the voluntary repayment of Government grants received as part of government initiatives to provide financial support as a result of Covid-19.

Statutory operating loss for the year, after exceptional costs, was £9.0m (6 months to 30 June 2021: profit of £23.5m).

Donation to the Foundation

During the year, the Group made a £7.0m (6 months to June 2021: £3.0m) donation to its parent Lloyd's Register Foundation. This payment has been disclosed as a movement in the statement of changes in equity.

Performance review – pro forma

As part of the Group's response to the pandemic, the Directors elected to shorten the previous financial period to six months to 30 June 2021. To enable the comparison of the Group's performance with the prior 12 month period, pro forma performance measures

for the 12 months to June 2021 have been presented. Pro forma information for the prior period is presented on a comparable basis of preparation however is unaudited.

Reconciliations for the Group's financial Key Performance Indicators: pro forma turnover; adjusted operating profit; and operating profit before exceptional costs and the results for these metrics for the 6 month period to 30 June 2021 were presented in the prior year financial statements. The Board believes that the presentation of pro forma results for the previous 12 month period facilitates comparison.

Results of individual business lines for the prior 12 month period have been re presented to ensure consistency with the current period following the establishment of the Marine Performance Services business line.

Strategic Report (continued)

Turnover	12 months to 30 June 2022	12 months to 30 June 2021 (pro forma unaudited)
	£m	£m
Continuing operations	441	441
Discontinued operations – BAIS	128	314
Discontinued operations – Energy	—	26
	569	781

A further of turnover by business line is provided below:

	Marine & Offshore	Maritime and Performance Services	Energy	Industrial Digital Products	Business Assurance and Inspection Services	Total
	£m	£m	£m	£m	£m	£m
Turnover – 12 months to June 2021 (pro forma – unaudited)	379	47	26	15	314	781
Turnover – 12 months to June 2022	364	60	—	17	128	569

Pro forma operating (loss) / profit	12 months to 30 June 2022	12 months to 30 June 2021 (pro forma unaudited)
	£m	£m
Continuing operations	(8)	50
Discontinued operations - BAIS	(1)	4
Discontinued operations - Energy	—	(10)
Operating (loss) / profit	(9)	44

Pro forma operating profit before exceptional costs	12 months to 30 June 2022	12 months to 30 June 2021 (pro forma unaudited)
	£m	£m
Continuing operations	17	63
Discontinued operations - BAIS	—	7
Discontinued operations - Energy	—	(11)
Operating profit before exceptional costs	17	59

Pro forma adjusted operating profit*	12 months to 30 June 2022	12 months to 30 June 2021 (pro forma unaudited)
	£m	£m
Continuing operations	35	69
Discontinued operations - BAIS	3	13
Discontinued operations - Energy	—	(7)
Adjusted operating profit*	38	75

* adjusted operating profit represents operating profit before exceptionals, goodwill amortisation and development project expenditure.

Strategic Report (continued)

Taxation

The total tax charge of £3.1m (2021: £8.8m) represents an effective tax rate of 1% (2021: 38%). The effective rate was affected by the profit on disposal of the discontinued operations.

Investment in Research and Development (R&D)

Research and development into new and better ways to improve safety, performance and quality in the marine and offshore industries it serves are an integral part of the Group's activities and considerable investment was made during the period. Total expenditure on R&D in the period was £12.5m, equivalent to 2.2% of sales (2021: 1.5%).

Balance sheet and working capital

Net assets for the Group at 30 June 2022 were £897.0m (30 June 2021: £485.4m), an increase of £411.6m. The increase is principally related to:

- £217.4m increase in listed investments due to additional investment of £250.0m which was partly offset by realised and unrealised gains / losses on investments;
- £111.5m increase in net pension assets due to actuarial gains, the disposal of the BAIS business and employer contributions; and
- £110.8m increase in cash balances described below.

Cash and banking facilities

Cash and cash equivalents have increased by £105.8m since June 2021 to £402.6m.

The cash balance includes £12.2m (30 June 2021: £12.4m) held by overseas entities which cannot be remitted to other Group entities.

Due to the current and forecast levels of available cash, the Group does not currently require any borrowing facilities.

Net cash outflow from operating activities for the year to 30 June 2022 was £85.1m (6 months to 30 June 2021: inflow of £49.3m) driven by the operating loss of £9.0m and temporary increases in working capital. The cash inflow from investment activities of £197.5m includes £456.2m net proceeds from the BAIS disposal, partially offset by a net £246.2m of funds being transferred to listed investments.

Business lines' review

Marine & Offshore

The strategy set out 18 months ago is making tangible differences for our clients, and improvements in the way our work is delivered by colleagues. This has been reflected in good results, above target though slightly down on the previous 12-month pro forma reporting period.

A key early focus was to understand clients' 'levers of choice'; why a client would choose LR over one of our competitors, in a maritime market facing challenges, particularly around energy transition and digitalisation. Our investments in technology, people and processes have focused on making sure that we are able to support our clients in addressing those challenges, while providing more efficient and responsive client journeys.

Our investment in Digital Workbench is transforming how we support clients on their projects, especially in new construction, which is often carried out away from the clients' location. We have reduced the time it takes from inspection to certificate delivery from an average of two weeks to one day, depending on the complexity of the work.

Performance

The Marine & Offshore business line generated turnover of £364.3m (12 months to June 2021: £379.2m).

We identified the improvement of our transfer of class (TOC) balance as an important strategic goal. Colleagues from operations, commercial and support functions worked together to change processes to put our clients at the heart of everything we do. By retaining valuable clients and winning new ones, we achieved a positive TOC balance for the first time since 2017, and our strongest TOC performance in eight years. We set an ambition to become the number 1 classification society by gross tonnage of ships, and these results have reduced the gap-to-target from 50 million to 33 million gross tons.

We delivered a 34% year-on-year improvement in our in-service share, an eight-year high. In the last quarter alone, we added 4.9 million gross tons of vessels, more than any class society has added in one quarter since 2018. Our performance was driven by the singular focus of the LR Group on maritime, our drive,

Strategic Report (continued)

our agility and the insights from our 'levers of choice' work that helped us shape our strategy and investments. As well as responsiveness and technical capability, the importance of relationships shone through in the work, and underpinned our decision to introduce key account management to provide a single point of contact to clients.

We established a team focussed on new construction in May 2022. We're already seeing the impact of this renewed focus with our market share increasing to 19.7% in the quarter to 30 June 2022, bringing our overall share for the year to 13.1%.

Market drivers

The global new construction industry market orderbook has gone from a 30-year low to a 10-year high. The significant increase in contracting volume has been driven by various geopolitical factors, particularly within the container trades and energy markets that are linked to the gas shipping markets.

A great deal of uncertainty remains in the new construction market in relation to technology, ship type and fuel type. For assets with a life span of 15, 20 or 25 years, these are difficult decisions for clients to make, and making the wrong decision can be costly. Clients are turning to LR for support to ensure they are making the right decisions, requiring us to be more connected internally, particularly across our commercial teams. To continue the developing conversation with clients, we are meeting them with greater frequency through mechanisms such as the New Construction Roadshows, which have led to meetings with more than 70 clients in the space of a few weeks.

Demand for remote services introduced during the pandemic has continued to increase and will play a core part of our blended service offering, spanning physical, remote and digital.

Key appointments

Our levers of choice work confirmed that technical capability is the primary driver of client decisions, and we recently created two new positions in the M&O leadership team to reflect this.

Tian Xiang Li was appointed Global Technical Support Office (TSO) Manager in July 2022, and Claudene Sharp-Patel joined as our new Technical Director from Shell Australia, just after the end of this reporting period.

Outlook

In times of uncertainty, LR's role as a trusted adviser to the maritime industry is ever more important for clients of all types and sizes. With our renewed maritime focus, deep expertise and rich history, our organisation is uniquely positioned to span the conversation across owners, equipment suppliers, charterers, fuel suppliers and shipyards.

We look forward to building on the changes we have made to enhance our customer experience and internal processes, and to seeing continued strong performance.

Maritime Performance Services

Our performance during the year has validated our vision of becoming a trusted advisor to our clients, assisting them to safely, sustainably and efficiently navigate through the regulatory changes ahead as the industry responds to the challenges of climate change and energy transition.

The Group's renewed focus on the maritime sector is making steady progress with Maritime Performance Services (MPS) now being used by more than 6,000 vessels, providing clients with advice, support and solutions on fleet management, fleet optimisation, business operations, risk management, emergency response, fuel testing and maritime training.

Performance

A strong performance in the year saw pro forma revenue grow by over 25% to £59.9m driven by both organic growth and income generated by two recent acquisitions, C-MAP Commercial and GreenSteam.

All three areas within our portfolio – Fleet Management, Professional Services and Fleet Optimisation – experienced double-digit growth. Hanseaticsoft's Cloud Fleet Manager is now installed on 2,400 ships and the i4 Insight digital platform on 4,500 ships as they become established players in the industry.

Turnover for our Business Advisory service reached £2.5m through the sale of technical commercial services, including the first major energy transition project. To capitalise on the opportunities in this field we have appointed a new head of the Business Advisory service – James Frew, who joins from MSI – to spearhead the next phase of growth.

Strategic Report (continued)

The establishment of hubs around the world to strengthen our customer relationships has progressed with the opening of a decarbonisation advisory centre in Athens, Greece, following the success of the Maritime Decarbonisation Hub in London and Singapore.

Progress against strategy

The divestment of the LRQA business stream has enabled us to focus our resources on building a cohesive portfolio of client-centric services around our role as trusted advisors, decarbonisation experts, fuel specialists and maintenance optimisation consultants.

To complement the Fleet Optimisation portfolio and help tackle the biggest challenges around fuel efficiency and emissions reduction, we acquired GreenSteam, a marine data intelligence company specialising in improving vessel efficiency through machine learning, and C-MAP Commercial, a leading provider of cloud-based fleet management and fleet analytics software. Both will be integrated into the i4 Insight platform.

This portfolio development recognises the importance of optimising the performance of existing fleets, both in terms of operational improvement and resource management, to help the industry adopt new energy saving technologies and facilitate a smooth transition to future fuels.

As we transition to a more consultative business, we have continued to focus on aligning our people and culture. Investing in our people has been key, in addition to bringing new skills sets into the organisation through the completion of two business acquisitions. Building a strong competitive position as a trusted advisor includes delivering reliability and credibility combined with deep customer knowledge. This allows us to understand our clients' challenges, and give advice that is very specific, designing solutions around customers' needs.

As well as ensuring values and objectives are closely aligned with this, a project to create a key account management team is in progress, to build value-added relationships with the 20 largest accounts initially and expanding to the 50 by the end of next year. These relationships also include the broader set

of stakeholders - financiers, ports, charterers - strengthening our status as a trusted advisor.

Outlook

While performance for this year has been strong, our focus has been on putting in place the foundations for growth. The drive to build closer relationships with customers will continue with plans to extend our hub in Singapore and the establishment of a dedicated account management team. The MPS portfolio of services and our differentiated competitive position mean we are well positioned to provide clients with a single source of information to solve key operational challenges and solutions to navigate to a more sustainable ocean economy.

Industrial Digital Products

Overall, the business performed well in the context of difficult trading conditions, and broadly in line with expectations. In light of LR's strategy to focus on the ocean economy, the decision was taken to divest the Industrial Digital Products business.

Performance

RiskSpectrum had a very strong year, over-performing against all metrics. Being a tool used across the world in the nuclear industry, the war in Ukraine had a substantial effect since work with Russian customers stopped, and the large Ukrainian nuclear industry was also affected. That the business performed so well despite these factors beyond our control is a testament to the strength of the business and its people. A particular highlight was being awarded a substantial engagement with EDF, the single largest project ever for the business. We began planning how to extend our services beyond nuclear.

Our Subsurface business, which focuses on oil and gas, had a mixed year. Although the beginning of the year was somewhat difficult, during this period we began a project with Baker Hughes, the second largest in Subsurface's history. The success of this project, an upturn in oil and gas prices and some stellar sales wins later in the year generated a broad set of positive results across the world, despite the impact of the war in Ukraine. The business has started to explore opportunities for its technology beyond oil and gas, and we were delighted to win work with the German nuclear authority in relation to storage of nuclear

Strategic Report (continued)

waste. Looking ahead, we also see opportunities in areas such as carbon capture and storage, and the water sector.

AllAssets, our asset performance management software solution used in sectors including pharmaceuticals and petrochemicals, won some attractive orders and finished the year strongly.

External market trends

Aside from the impact of the war in Ukraine, the digital skills gap is a key issue facing software companies around the world. We have incredibly skilled developers in our teams and such people are in high demand, so retaining and motivating those staff is important.

The biggest risk for any technology company is unseen competition, so we are mindful of the need to plan for the future, to make sure we remain the market disruptor, rather than being the victim of disruption.

ESG

Each of our businesses helps clients become more sustainable. AllAssets prolongs the life of equipment and ensures that equipment failures and catastrophic events are prevented. We see a massive opportunity for Subsurface in sectors such as geothermal energy, carbon storage and addressing water shortages, since everything under the ground can use the same technology, and we have the leading technology in the world for interpretation of geosites. At its core, RiskSpectrum is a safety analysis tool, and ensuring that nuclear power stations are safe is crucial. There are opportunities to deploy our technology outside our current sectors of operation.

Outlook

The Subsurface, RiskSpectrum and AllAssets businesses were divested shortly after the end of the reporting period. Throughout these divestment processes, we have sought buyers who will create a positive outcome for LR and our people, so the businesses can fulfil their potential and thrive under their new ownership.

Principal risks and uncertainties

The Board Audit and Risk Committee (ARC) reviews the application and effectiveness of the policies and

processes of the Company on matters of internal control and risk and makes recommendations to the Board.

In the opinion of the Directors, the principal risks and uncertainties facing LR are effectively considered through the activities of the Board, Executive Leadership Team and the ARC. The work of the ARC is supplemented by the Ethics and Compliance Committee and the Internal Audit and Risk, and Technical Assurance and Quality functions, each of which monitor performance against established Group policies.

The Group Risk Register is regularly reviewed and updated to reflect changes in strategic, operational and legal and compliance risks, and the controls and mitigations associated with these risks. The principal strategic and operational and compliance risks of the Group are detailed in the risk management section on pages 14 to 19 of this Strategic Report.

LR is exposed to certain financial risks as a result of its operations and the activities that it carries out. These financial risks include foreign exchange risk, credit risk, restrictions on immediate movement of cash held in some countries and interest rate risk.

Authorised by the Board for issue and approved by



Nick Brown
Chief Executive Officer
Lloyd's Register Group Limited

5 December 2022

Directors and advisors

Directors

Mr T Thune Andersen (Chairman)
Mr W E Armstrong (resigned 3 February 2022)
Mr N L Brown
Mr R Chen (appointed 15 March 2022)
Mr C G Finlayson
Mrs C B Firstbrook
Mr M V Kelsey
Mr M F Lykiardopulo
Ms I J S Macpherson (resigned 22 May 2022)
Mrs M E Waldner

Company Secretary

Ms M K Davies

Statutory Auditor

Deloitte LLP
London
United Kingdom

Registered office

71 Fenchurch Street
London
EC3M 4BS
United Kingdom

Registered number

08126909

Board of Directors

Thomas Thune Andersen



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 July 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.

Nicholas Brown



Nick joined Lloyd's Register in 1996 and was appointed CEO in January 2021. In an extensive career with LR, he has worked as a field surveyor in Bahrain, Dubai, Finland and Germany before moving to China to spend seven years leading LR's activities in the country. He has since been Director for Business Development and Innovation, Marine Chief Operating Officer and Marine & Offshore Director.

Nick is a Chartered Mechanical Engineer and a Member of both the Institute of Mechanical Engineers and the Institute of Marine Engineering, Science and Technology. Nick sits on the Supervisory Board of the UK Chamber of Shipping and the Advisory Council of the Global Maritime Forum. From July 2021 Nick took up the additional role as the first elected Chair of the International Association of Classification Societies (IACS).

Randy Chen



Randy Chen is an experienced shipping executive, having been actively involved in family-owned Wan Hai Lines for many years. In recent years he has also become a well-known voice in the industry through his active participation as a Board Director in key industry organisations. He is currently a Director of the World Shipping Council, a Director and Deputy Chairman of both the UK P&I Club and the Global Maritime Forum.

Randy has served on the Wan Hai Lines Board of Directors since 2002 and has been serving as Vice-Chairman since 2015. Before joining Wan Hai Lines, he was a part of the senior management of Central Trading & Development Group, a Taiwan-based investor group with extensive infrastructure and real estate holdings in Vietnam. Randy also has extensive experience in software and financial services. Randy holds a bachelor's degree in Economics and English from Duke University, North Carolina, and an MBA from Massachusetts Institute of Technology.

Board of Directors

Chris Finlayson



Chris is Chairman of TGS-NOPEC Geophysical Company ASA. Formerly, he was Chief Executive of BG Group, Chairman of InterOil Corp., and an Executive Vice President and Managing Director with Royal Dutch Shell. He was also previously Chairman of Siccar Point Energy and a Non-Executive Director of Swire Pacific Offshore. Chris is a geologist, physicist and petroleum engineer with nearly 40 years' technical and commercial experience in the oil and gas industry. Chris is Chairman of the Lloyd's Register Group Limited and Lloyd's Register Foundation Remuneration Committees.

Caroline Firstbrook



Caroline, a Canadian with a degree in electrical engineering and an MBA from Harvard Business School, has deep experience in the field of professional services. Caroline was the Chief Operating Officer at Clifford Chance LLP, a major global law firm, from 2015 to 31 October 2022.

She previously led Accenture's 1,000 person strategy practice for Europe, Latin America and Africa, and spent 12 years post MBA at strategy consultancy Monitor Company. Caroline is also an experienced entrepreneur having founded and worked with a range of startup and early stage companies in the life sciences and professional services sectors. Since the end of the period, Caroline has been appointed as a member of the Lloyd's Register Group Limited Audit and Risk Committee.

Mark Kelsey



Mark is the Chief Executive Officer for RELX Group PLC's Risk division.

Having begun his career with RELX in marketing, he went on to pioneer the launch of several online data services in the mid-1990s. Appointed as CEO in 2010, he was responsible for transforming the RBI division from a traditional magazine publisher to a leading provider of online and data services, turning-around the business and profitability. Mark holds a BA in Geography from Liverpool University and an MBA from Bradford University. Mark is a member of the Lloyd's Register Group Limited Audit and Risk Committee. Since the end of the period, Mark has been appointed as a member of the Lloyd's Register Group Limited Remuneration Committee.

Michael F Lykiardopulo



Michael was appointed Senior Independent Director on 26 May 2016. He is a member of the Lloyd's Register Foundation Nominations Committee. Michael is a Director of Lykiardopulo and Co Ltd and is responsible for the commercial management of a fleet of oil tankers and bulk carriers. He is a qualified barrister.

Michael was part of the Lloyd's Register Board which helped formulate the plans for the 2012 restructure and he served as a Trustee to help oversee the initial development of the Lloyd's Register Foundation. He is presently also Chairman of the Hellenic War Risks

Board of Directors

Association as well as serving as Vice Chairman of The Gard Insurance Mutual and a Director of the UK Freight Demurrage and Defence Association.

Mary Waldner



Mary joined LR as Chief Financial Officer in March 2016, having previously been Group Finance Director at Ultra Electronics plc. Before this Mary was Director, Group Finance at QinetiQ Group plc and Group Financial Controller at 3i Group plc. From 1998 to 2008, she held a number of senior roles at British Airways plc. She is also a Non-Executive Director and Chair of the Audit Committee at Oxford Instruments plc and a Non-Executive Director at Senior plc. Mary holds an MA in Physics from Oxford University.

Board Evaluation Review

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

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

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

The final report detailed key strengths, areas for development and made recommendations. Following board discussion, a number of actions were agreed, including the continuation of regular discussions between the board of the Foundation and the board of Lloyd's Register Group Limited in respect of strategic developments, allowing more time in board meetings for consideration of strategy development and implementation, and reviewing ESG goals and their delivery.

Remuneration Committee report for the year ended 30 June 2022

Report scope

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

The Committee

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
Mr M Kelsey (appointed 27 July 2022)
Mrs R Martin (representing Lloyd's Register Foundation)

The members of the Committee are appointed and removed by the Board of Directors.

It is the role of the Committee to:

- Aim to reflect best practice in the Group's reward structure;
- Provide advice to the Board of Directors on the remuneration policy for the Chairman, Chief Executive Officer and Executive Leadership Team of the Group;
- Implement the remuneration policy in practice through determination of all aspects of the remuneration of the Chairman and Executive Directors;
- Review and approve the remuneration aspects of recruitment and termination arrangements for the Chairman, Executive Directors and, where required by the rules of any Group incentive plan, for the Executive Leadership Team;
- Approve the salary and bonus proposals and payments for the Executive Directors and review remuneration decisions regarding other Executive Leadership Team members, with reference to the Group employee salary budget;
- Review and approve all changes to terms of pension scheme arrangements for the Chairman, Chief Executive Officer and Executive Leadership Team of the Group;
- Set the level of fees for the Non-Executive Directors;
- Have oversight of diversity and gender spread, including relative salaries, globally across the Group; and

- Review any proposed major changes in employee benefit structures across the Group.

The Chief Executive Officer may be invited to attend meetings to offer advice as necessary to assist the Committee in the performance of its duties, except in relation to matters specifically concerned with their own remuneration. The Chairman will also not attend where agenda items are specifically concerned with their own arrangements. The Committee is committed to continue making the Group's reward reflect best practice in the belief that performance is delivered through people being motivated and rewarded accordingly.

General policy

In determining the general policy regarding the total remuneration of the members of the Executive Leadership Team, the Board of Directors has directed the Committee to have regard to three fundamental principles:

- The importance of recruiting and retaining management of the required quality;
- Linking reward to the Group's performance, including the key business objective of promoting safety; and
- Giving encouragement to enhance the Group's performance through innovation and achievement within the very competitive markets in which it operates.

The Committee applies these principles to develop total remuneration which:

- Provides a base salary designed to attract and retain leaders of suitable calibre which also reflects their level of responsibility and experience;
- Provides incentive arrangements which reflect challenging objectives and recognise the importance of motivating management to sustain annual, as well as long-term growth;
- Is set to see that they are fairly and responsibly rewarded for their individual contributions; and
- Takes account of competitive rates of total remuneration based upon surveys of comparative organisations which are undertaken regularly.

Remuneration Committee report for the year ended 30 June 2022 (continued)

Independent External Advice

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

Total remuneration of Executive Directors and Executive Leadership Team

The Committee has determined total remuneration to comprise of the below components:

- Base salary and benefits;
- Incentive arrangement; and
- Pension

The total remuneration of the Board of Directors and Executive Leadership Team is shown in the note 24 of the financial statements. The increase compared to the prior period is principally due to the longer financial reporting period from 6 to 12 months and amounts payable under the long-term incentive scheme.

Directors' Remuneration

	12 months to June 2022 £000	6 months to June 2021 £000
Emoluments	1,979	799
Amounts receivable under long-term incentive schemes	1,352	—
Group contribution to defined contribution pension scheme	24	12
	3,355	811
	Number 2022	Number 2021
Directors members of:		
Defined contribution pension schemes	1	1
Long-term incentive plan	2	2

The highest paid Director serving in the year received aggregate emoluments of £1,455,000 (6 months to 30

June 2021: £293,000) which includes £657,000 (6 months to 30 June 2021: £nil) in respect of a long term incentive plan. He was a member of the Company defined contribution scheme and £24,000 (6 months to 30 June 2021: £12,000) was paid by the Company during the year.

Base salary and benefits

Base salary and benefits are reviewed annually by the Committee having regard to job responsibilities, market trends, and review of individual performance. The Group aims for base salaries to be at median levels relative to similar job responsibilities in organisations of equivalent size and complexity or where we would compete for talent. For the 12 months to 30 June 2022, the Committee approved an increase to base salary for the Executive Leadership Team in line with CPI and the level given to the broader UK workforce.

Incentive Arrangement

The Executive Leadership Team's incentive arrangement combines both short and long-term components operating under one scorecard in a Bonus Banking Plan established in 2019. The Plan term covers 4 years in total, (3 performance years). An annual contribution to the Bonus Bank is dependent upon the achievement of annual financial targets, individual performance against agreed goals and leadership behaviours and includes shared objectives which are set each year and are aligned to the strategic priorities of the Group. At the end of the performance year, a pre-determined percentage of the Bank is released as a bonus payment with the remaining value incorporated into the Bonus Bank of the following performance year. In addition to the annual assessment, the Plan also includes a long-term multiplier performance incentive which is applied to the Bank at the end of Year 4 based on achievement of the annual Profit Before Tax targets accumulated over a three year period. The bonus payment is non pensionable.

Pension

The Chief Executive Officer and members of the Executive Leadership Team are eligible to join the Lloyd's Register Superannuation Fund Association (LRSFA), which is a registered defined contribution pension scheme offering retirement and risk benefits. The scheme, which requires members to contribute a percentage of base salary, offers retirement benefits,

Remuneration Committee report for the year ended 30 June 2022 (continued)

lump sum death benefits equal to four times base salary, and dependants' pensions.

Where tax limits are exceeded, a Pension Cash Allowance is offered as an alternative and separate life insurance cover is provided.

Service contracts

Neither the Chairman, Chief Executive Officer, nor any member of the Executive Leadership Team has a service contract containing a notice entitlement exceeding one year.

Non-Exec Remuneration

Non-Executives who serve on the Board are paid a base fee commensurate with the time they commit to their service, plus an additional sum for chairing or serving on a Board sub-committee. Non-Executives are appointed for an initial term of three years unless terminated earlier by either party giving one month's prior written notice. Non-Executives are typically expected to serve two three-year terms but, subject to satisfactory performance, may be invited by the Board with shareholder approval to serve for an additional period. Any term renewal is subject to Board review. Notwithstanding any mutual expectation, there is no right to reappointment by the Board after any three-year period.

Periodically, most recently in May 2022, the Committee commissions their external advisors (EY) to review the fees paid to Non-Executives who serve on the Board against those in comparable organisations and to make recommendations to the Committee as to the level of these fees.

Audit and Risk Committee report for the year ended 30 June 2022

This report describes the role and activities of the Audit and Risk Committee of Lloyd's Register Group Limited during the year ended 30 June 2022.

Summary of the role of the Audit and Risk Committee

The Audit and Risk Committee (ARC) is a sub-committee of the Board of Directors. The ARC reviews the application and effectiveness of the policies and processes of the Lloyd's Register Group Limited and its subsidiary and joint venture companies on matters of internal policy, control and risk. Its responsibility extends to all companies within the Group whose activities are covered by the external auditor's report.

The ARC assists the Board of Directors in assessing whether the Company's Annual Report and Consolidated Financial Statements comply with UK accounting standards and the requirements of the Companies Act 2006.

The ARC oversees the relationship with the external auditor, including approval of the audit plan and scope of the audit, annual assessment of the auditor's independence and review of the level of fees payable for non-audit services.

In addition, the ARC reviews all reports on the Group from the external auditor and management's responses to the findings and recommendations.

The ARC also oversees the work of the Group's Internal Audit and Group Quality, Health, Safety, and Environment Services functions and their reviews of the adequacy and effectiveness of the Group's internal control and risk management systems.

At each of its meetings, the ARC reviews a report from the Ethics and Compliance Committee including its ABC activities and all items raised through the Ethics whistleblowing hotline.

The Annual Report and Consolidated Financial Statements are reviewed by the ARC before recommending their approval by the Group Board of Directors, focusing particularly on any major areas of judgement and considering whether, in the Committee's view, the accounts reflect a fair and reasonable account of the Group's affairs.

Composition of the Audit and Risk Committee

The members of the Audit and Risk Committee are:

Ms I J S Macpherson (Chair) (resigned 22 May 2022)
Mr W E Armstrong (resigned 3 February 2022)
Mr R A Henderson (Chair) (appointed 22 April 2022)
Mr M Kelsey
Mrs C Firstbrook (appointed 27 July 2022)

Meetings

The ARC meets three times a year. The ARC invites LR's Chief Executive Officer, Chief Financial Officer, Statutory Reporting Manager, Head of Internal Audit & Risk, Group Quality, Health, Safety, and Environment Director and senior representatives of the external auditor to attend all of its meetings in full, although it reserves the right to request any of these individuals to withdraw. Other senior managers are invited to present such reports as are required for the ARC to discharge its duties. At least once a year, the Chair of the ARC meets with the external auditor and the heads of Internal Audit & Risk and Quality, Health, Safety, and Environment (QHSE) without any management present. The Group General Counsel and Company Secretary acts as secretary to the Committee.

Internal Audit and Risk and Technical Assurance and Quality

The Group has two internal review functions, both of which report on the adequacy and effectiveness of the Group's internal control and risk management systems.

The Internal Audit and Risk function undertakes independent, risk-focused reviews of process and controls, including internal financial controls. These reviews are selected on the basis of the Group's principal risks and uncertainties. The Internal Audit and Risk function also oversees the Group's risk management system and assists the Board, the ARC and Executive Leadership Team in the oversight and management of the Group's key risks.

Quality, Health, Safety, and Environment (QHSE) perform reviews of compliance with the Group Management System, a global set of documented policies, procedures and guidance covering all aspects of the Group's operations. Quality, Health, Safety, and Environment Services also reports to the ARC on the results of external assurance work testing

Audit and Risk Committee report for the year ended 30 June 2022 (continued)

the Group's compliance with various regulatory and compliance standards, including standards set by International Standards Organisation (ISO), the United Kingdom Accreditation Service (UKAS) and other accreditation bodies, with which the Group chooses, or is obliged, to comply with in order to deliver its services.

Both functions submit an annual plan of activity to the ARC for approval which seeks to cover all key locations, processes and operations in the Group on rotation over a 3-4 year period, prioritised by risk.

Progress against the plans is monitored by the ARC. In addition, both functions issue reports to senior executives of the Group and subsidiary units. There is a follow-up process to confirm that agreed actions are implemented.

The effectiveness of the Internal Audit and Risk function is reviewed by the ARC. This is done by reviewing the Internal Audit Plan of work for the year ahead and monitoring progress against it during the year and the remedial actions taken.

External auditor

The current external auditor, Deloitte LLP, was appointed during 2013/14. The ARC assesses the independence of the external auditor and the effectiveness of the external audit process before making recommendations to the Board in respect of its appointment and reappointment.

In assessing independence and objectivity, the ARC considers the level and nature of the service provided by the external auditor, as well as confirmation from the external auditor itself that it has remained independent within the meaning of the APB Ethical Standards of Auditors.

Deloitte LLP confirmed its independence to the ARC at various stages throughout the year and at the end of the external audit process.

In accordance with Deloitte LLP's partner independence policies for public interest companies a new audit engagement partner was appointed for the financial period ending 30 June 2021.

Overview of actions taken by the Audit and Risk Committee to discharge its duties

Over the financial year and subsequently, the ARC's work included the following actions:

- Reviewed and agreed the external audit plan including the scope of the audit work to be undertaken by the external auditor;
- Monitored the independence of the external auditor;
- Reviewed the external auditor's report on the results of its audit detailing control observations and recommendations for improvement and monitored progress to implement agreed actions;
- Reviewed the 30 June 2022 Report and Consolidated Financial Statements and the Auditor's Report thereon, specifically considering revenue recognition; the BAIS disposal; goodwill impairment indicators; key judgements in relation to the defined benefit pension schemes; recoverability of certain assets; and provisions;
- Reported to the Group Board of Directors that the June 2022 Reports and Consolidated Financial Statements were fair and reasonable;
- Approved the programmes of work for the Internal Audit and Risk and QHSE functions;
- Reviewed reports by the Internal Audit and Risk and QHSE functions detailing progress against their respective plans, including reviews completed and management responses to their recommendations;
- Monitored progress to implement control improvements recommended by the Internal Audit and Risk and QHSE functions.
- Considered proposals for investment in, and improvements to, the Group's internal control environment;
- Reviewed changes to the Group's risk management policy and procedures, and updates to, the Group Risk Register including ongoing actions to mitigate managed risks;
- Reviewed reports from the Ethics and Compliance Committee; and
- Reviewed the ARC Terms of Reference.

Nominations Committee report for the year ended 30 June 2022

Nominations Committee

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 and a Trustee of Lloyd's Register Foundation
Mr T T Andersen
Mr M Lykiardopulo

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

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

During the period under review, the Committee made recommendations with regard to the appointment of Dr. Ruth Bournemouth as the Chief Executive of Lloyd's Register Foundation on the retirement of Professor

Richard Clegg, succession planning, the re-election of Board members on the expiry of terms of office which were due to expire in the coming year, and the review of the Board Committee memberships, including the consideration of the appointment of an additional member of each of the Remuneration Committees, the Foundation Audit, Risk and Investment Committee and the Lloyd's Register Group Limited Audit and Risk Committee.

In addition, during the year, the committee approved the appointment of a new Chair of the Foundation Audit, Risk and Investment Committee and the Lloyd's Register Group Limited Audit and Risk Committee.

Directors' Report

The Directors present their report and audited financial statements for the 12 month period ended 30 June 2022.

Principal activities

The Group undertakes, through its network of UK and foreign branches and subsidiaries, inspections and surveys, systems assessments and provides risk management solutions.

Results

The consolidated operating profit for the period before exceptional costs was £17.3m (2021: £29.9m). After exceptional costs the consolidated operating loss was £9.0m (2021: profit of £23.5m).

Further commentary on the results for the period can be found in the Strategic Report.

Future developments

The future developments of the Group are discussed in the Strategic Report.

The Directors remain optimistic about the future of the organisation's activities.

Dividends

The Directors do not recommend a dividend (2021: £nil).

Charitable grants and donations

During the year, the Group made a £7.0m donation to Lloyd's Register Foundation, its parent (6 months to June 2021: £3.0m).

The Group made various other charitable grants and donations of £0.1m (6 months to June 2021: £0.1m).

Principal risks and uncertainties

The principal risks and uncertainties and financial risk management objectives and policies are discussed within the Strategic Report.

Branches

The Company has branches, as defined in section 1046(3) of the Companies Act 2006, which are outside the UK.

Directors

The Board of Directors comprised the following members during the period, and subsequently:

Mr T Thune Andersen
Mr W E Armstrong (resigned 3 February 2022)
Mr N L Brown
Mr R Chen (appointed 15 March 2022)
Mr C G Finlayson
Mrs C B Firstbrook
Mr M V Kelsey
Mr M F Lykiardopulo
Ms I J S Macpherson (resigned 22 May 2022)
Mrs M E Waldner

Directors are appointed by Lloyd's Register Foundation, the sole shareholder.

Mr T Thune Andersen and Ms I J S Macpherson served on the Board of Trustees of Lloyd's Register Foundation during the 12 months to 30 June 2022.

Directors' indemnity

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors, which were made during the period and remain in force at the date of this report.

Employees

The Group strives to be an equal opportunities employer.

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 Company 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 Group aims to provide employees with information on relevant matters, including financial and economic factors affecting the performance of the Group both by email and by posting to the Group's intranet website and using internal social media.

Directors' Report (continued)

Capital structure

Details of the issued share capital, are set out in note 21.

Post balance sheet events

As described in note 28 to the financial statements after 30 June 2022 the Group:

- Disposed of its three Industrial Digital Products businesses. On 1 July 2022, the Group completed the disposal of its Subsurface and RiskSpectrum businesses to Total Specific Solutions. In September 2022 the Group completed the sale of its AllAssets business to Pinnacle.
- On 22 July 2022, the Group approved a £17.7m charitable donation to Lloyd's Register Foundation.
- On 31 August 2022, the Group Completed the acquisition of One Ocean, a leading supplier of digital voyage solutions for the maritime industry.

Disclosure of information to auditor

Having made enquiries, each of the Directors listed above who were in office at the time of approving the Directors' report, confirms that:

- So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each Director has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102: 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state

of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention of fraud and other irregularities.

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

Carbon Reporting

The statements required concerning the Group's greenhouse gas emissions, energy consumption and action taken to increase energy efficiency are made within the Strategic Report.

Going concern

The Directors have reviewed the Group's forecast results and cash flows which, in conjunction with the cash balances which are immediately available for use held on the balance sheet at the date of approval of the financial statements, support a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Directors' Report (continued)

Auditor

Deloitte LLP has expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be reappointed.

By order of the Board

A handwritten signature in black ink, appearing to read 'Michelle Davies', with a long horizontal flourish extending to the right.

Michelle Davies
Company Secretary
5 December 2022

Consolidated profit and loss account for the year ended 30 June 2022

		12 months to 30 June 2022	12 months to 30 June 2022	12 months to 30 June 2022	6 months to 30 June 2021	6 months to 30 June 2021	6 months to 30 June 2021
	Note	Continuing £000	Discontinued £000	Total £000	Continuing £000	Discontinued £000	Total £000
Turnover	5	441,371	127,725	569,096	220,294	155,375	375,669
Cost of sales		(265,061)	(97,150)	(362,211)	(124,430)	(112,734)	(237,164)
Gross profit		176,310	30,575	206,885	95,864	42,641	138,505
Administrative expenses		(183,853)	(32,028)	(215,881)	(73,148)	(41,835)	(114,983)
Administrative expenses before exceptional costs		(158,817)	(30,802)	(189,619)	(69,447)	(39,195)	(108,642)
Operating profit / (loss) before exceptional costs		17,493	(227)	17,266	26,417	3,446	29,863
Exceptional costs	8	(25,036)	(1,226)	(26,262)	(3,701)	(2,640)	(6,341)
Operating (loss) / profit	6	(7,543)	(1,453)	(8,996)	22,716	806	23,522
Profit on disposal	14	—	409,261	409,261	—	—	—
Share of net operating loss of joint ventures		(480)	—	(480)	(336)	—	(336)
Net investment expense	9	(38,158)	—	(38,158)	(92)	—	(92)
Other finance costs	9	—	—	—	(186)	—	(186)
(Loss) / profit before taxation		(46,181)	407,808	361,627	22,102	806	22,908
Tax on (loss) / profit	10	(2,471)	(596)	(3,067)	(5,583)	(3,208)	(8,791)
(Loss) / profit for the financial period		(48,652)	407,212	358,560	16,519	(2,402)	14,117

Consolidated statement of comprehensive income for the year ended 30 June 2022

	Note	12 months to 30 June 2022 £000	6 months to 30 June 2021 £000
Profit for the financial period		358,560	14,117
Currency translation difference on foreign currency net investments		15,881	(588)
Re-measurement of net defined benefit liabilities	20	53,935	14,904
Tax relating to components of other comprehensive income		(9,760)	(9,974)
Other comprehensive income		60,056	4,342
Total comprehensive income		418,616	18,459
Profit for the period attributable to:			
Equity shareholders of the Company		358,560	14,117
		358,560	14,117
Total comprehensive income for the year attributable to:			
Equity shareholders of the Company		418,616	18,459
		418,616	18,459

Consolidated and Company balance sheets at 30 June 2022

	Note	Group		Company	
		30 June	30 June	30 June	30 June
		2022	2021	2022	2021
		£000	£000	£000	£000
Non-current assets					
Goodwill	11	24,548	58,655	—	—
Intangible assets	11	29,847	40,350	28,564	36,761
Tangible assets	12	149,563	172,309	138,385	153,925
Investments	13	286,182	68,780	468,040	243,328
Pension surplus	20	186,971	148,420	186,971	148,420
Deferred tax assets	10	14,756	20,377	3,737	4,309
Interests in joint ventures: Share of net assets	13	116	275	—	—
		691,983	509,166	825,697	586,743
Current assets					
Debtors	16	257,321	227,942	360,741	476,501
Cash at bank and in hand		402,639	296,793	261,937	156,045
		659,960	524,735	622,678	632,546
Creditors: amounts falling due within one year	17	(203,869)	(226,762)	(750,636)	(799,365)
Net current assets / (liabilities)		456,091	297,973	(127,958)	(166,819)
Total assets less current liabilities		1,148,074	807,139	697,739	419,924
Creditors: amounts falling after more than one year					
Provisions for liabilities	18	(86,735)	(84,496)	(49,407)	(39,646)
Net assets excluding pension liability		1,061,339	722,643	648,332	380,278
Pension liability	20	(164,356)	(237,276)	(156,813)	(228,447)
Net assets including pension liability		896,983	485,367	491,519	151,831
Capital and reserves					
Called-up share capital	21	90	90	90	90
Share premium	21	39,960	39,960	39,960	39,960
Profit and loss account		856,933	445,317	451,469	111,781
Total shareholder's funds		896,983	485,367	491,519	151,831

The profit for the financial year arising in the financial statements of the parent company is £290,465,000 (2021: £82,198,000).

The financial statements were approved by the Board of Directors and authorised for issue on 5 December 2022 and signed on its behalf by:



M E Waldner
Director

Lloyd's Register Group Limited

Company registration number: 08126909

Consolidated statement of changes in equity for the year ended 30 June 2022

	Called-up share capital £000	Share premium £000	Profit and loss account £000	Total £000
At 1 January 2021	90	39,960	432,383	472,433
Profit for the financial period	—	—	14,117	14,117
Currency translation difference on foreign currency net investments	—	—	(588)	(588)
Re-measurement of net defined benefit liabilities	—	—	14,904	14,904
Tax relating to components of other comprehensive income	—	—	(9,974)	(9,974)
Total comprehensive income	—	—	18,459	18,459
Donation to Lloyd's Register Foundation	—	—	(3,000)	(3,000)
Acquisition of non-controlling interest	—	—	(2,525)	(2,525)
At 30 June 2021	90	39,960	445,317	485,367
Profit for the financial year	—	—	358,560	358,560
Currency translation difference on foreign currency net investments	—	—	15,881	15,881
Re-measurement of net defined benefit liabilities	—	—	53,935	53,935
Tax relating to components of other comprehensive income	—	—	(9,760)	(9,760)
Total comprehensive income	—	—	418,616	418,616
Donation to Lloyd's Register Foundation	—	—	(7,000)	(7,000)
At 30 June 2022	90	39,960	856,933	896,983

Company statement of changes in equity for the year ended 30 June 2022

	Called-up share capital £000	Share premium £000	Profit and loss account £000	Total £000
At 1 January 2021	90	39,960	24,242	64,292
Profit for the financial period	—	—	82,198	82,198
Foreign currency translation differences	—	—	3,540	3,540
Re-measurement of net defined benefit liabilities	—	—	11,032	11,032
Tax relating to components of other comprehensive income	—	—	(9,231)	(9,231)
Total comprehensive income	—	—	87,539	87,539
At 30 June 2021	90	39,960	111,781	151,831
Profit for the financial year	—	—	290,465	290,465
Foreign currency translation differences,	—	—	4,520	4,520
Re-measurement of net defined benefit liabilities	—	—	53,696	53,696
Tax relating to components of other comprehensive income	—	—	(8,993)	(8,993)
Total comprehensive income	—	—	339,688	339,688
At 30 June 2022	90	39,960	451,469	491,519

Consolidated cash flow statement for the year ended 30 June 2022

	Note	12 months to 30 June 2022 £000	6 months to 30 June 2021 £000
Net cash (outflow) / inflow from operating activities	23	(85,115)	49,256
Cash flows generated by / (used in) investing activities			
Decrease / (increase) in long term loans		26	(7)
Proceeds from sale of investments		45,374	6,646
Proceeds from sale of tangible fixed assets		966	485
Purchase of investments		(291,526)	(7,620)
Purchase of intangible fixed assets		(2,435)	(591)
Purchase of tangible fixed assets		(8,527)	(1,626)
Interest paid		(194)	(108)
Interest received		909	1,305
Other investment income		8,951	3,660
Additional investment in existing joint ventures		(686)	(217)
Acquisition of non-controlling interest		—	(2,525)
Acquisition of trade and assets		(4,671)	(4,439)
Donation to Lloyd's Register Foundation		(7,000)	(3,000)
Disposal of subsidiaries		480,704	—
Cash acquired		67	—
Cash disposed		(24,457)	—
Net cash flows generated by / (used in) investing activities		197,501	(8,037)
Net increase in cash and cash equivalents		112,386	41,219
Cash and cash equivalents at beginning of period		296,793	259,154
Effect of foreign exchange rate changes		(6,540)	(3,580)
Net increase in cash and cash equivalents		112,386	41,219
Cash and cash equivalents at end of period		402,639	296,793

Reconciliation of net cash flow to movements in net funds

	2022			2021	
	Cash and cash equivalents £000	Net funds £000		Cash and cash equivalents £000	Net funds £000
At 1 July 2021	296,793	296,793	At 1 January 2021	259,154	259,154
Foreign exchange	(6,540)	(6,540)	Foreign exchange	(3,580)	(3,580)
Cash flow	112,386	112,386	Cash flow	41,219	41,219
At 30 June 2022	402,639	402,639	At 30 June 2021	296,793	296,793

Notes to the financial statements

1. Legal information

Lloyd's Register Group Limited (the Company) is a private company limited by shares under the Companies Act 2006, registered in England and Wales. Its registered office is disclosed on page 33 and its principal activities are disclosed within the strategic report.

Lloyd's Register Group Limited is the only subsidiary of Lloyd's Register Foundation, a company limited by guarantee and a registered charity. Lloyd's Register Foundation has prepared consolidated group financial statements for the year ended 30 June 2022.

2. Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention modified to include certain items at fair value, and under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/310) and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The Directors continue to adopt the going concern basis of accounting in preparing the financial statements. The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the strategic report.

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 30 June 2022. The comparative period is the six months to 30 June 2021. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The functional currency of the Lloyd's Register Group Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company 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. Foreign operations are included in accordance with the policies set out below.

In presenting the profit and loss account, additional line items, heading and sub-totals are included when such presentation is relevant to an understanding of the Group's financial performance. A non-statutory profit measure of 'Operating profit before exceptional costs' has been added.

Lloyd's Register Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, intra-group transactions, presentation of a cash flow statement and remuneration of key management personnel.

3. Accounting policies

- a. Goodwill recognised on the consolidated Group balance sheet 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 is 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.

Notes to the financial statements (continued)

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

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

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

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

Investment properties include 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 profit and loss account. 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).

- d. Turnover from surveys and inspections, which are the main activities of the 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. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year. Where revenue is recognised in advance of invoicing, the amounts are recorded as accrued income and included as part of debtors within prepayments and accrued income.

Where the commercial effect of a transaction cannot be understood without reference to a series of transactions as a whole, revenue recognition is based on the group of transactions.

- e. Current tax, including UK corporation tax and foreign 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.

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

Notes to the financial statements (continued)

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.

With the exception of tax relief on donations to the Lloyd's Register Foundation, where items recognised in other comprehensive income or equity are chargeable or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Tax relief arising on the Group's donations paid or expected to be paid to the Lloyd's Register Foundation, within nine months of the reporting date, is recorded as a credit to the Group's current tax expense.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

- f. Foreign currencies are dealt with as follows:
- i. Foreign currency denominated assets and liabilities of the Company 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 other comprehensive income and accumulated in equity.
 - 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 the profit or loss account 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 shown in other comprehensive income and accumulated in equity.
- g. 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.
- h. Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.
- i. Research expenditure is written off as incurred. Development expenditure, including all costs of developing internally generated intangible assets, is also written off.
- j. 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.
- k. Corporate donations made to the ultimate parent Lloyd's Register Foundation are shown within the statement of changes in equity. These donations do not constitute dividends payable to shareholders.
- l. Short-term employee benefits are recognised as an expense in the period in which they relate.
- m. For defined benefit schemes the amounts charged to operating profit 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 profit or loss and included within finance costs. 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 other comprehensive income.

Notes to the financial statements (continued)

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

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

For defined contribution schemes the amount charged to the profit and loss 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.

- n. 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.
- o. 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.
- p. Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs).

Income from quoted securities, which is recorded on an accruals basis, is recognised in investment income in the profit and loss account 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. Income from quoted securities is recorded on an accruals basis within investment income.

- q. In the Company balance sheet investments in subsidiaries are stated at cost less impairment.
- r. 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.
- s. Listed investments are stated at market value. Unlisted investments are stated at cost less provision for impairment. The profit and loss account includes realised gains and losses on investments sold in the period and unrealised gains and losses on revaluation of investments.
- t. Exceptional items include items that are assessed by the Directors to merit separate presentation to enable the users of the financial statements to better understand the elements of financial performance in the period, to facilitate comparison with prior periods and to assess financial trends more easily.

They include restructuring related costs including redundancy and significant one off expenses.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors 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.

Notes to the financial statements (continued)

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 directors 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.

Group 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 disclosed below.

Revenue recognition

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

Goodwill impairment

The Group assesses at each reporting date whether there is any indication that the goodwill recognised in respect of acquisitions is impaired. Where an indicator is identified an impairment review is performed which requires the estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was £24,548,000.

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 3 above. Changes in significant assumptions could materially affect the amounts, particularly the rate used to discount the projected benefit obligation. Note 20 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.

Company critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of the Company's 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.

Notes to the financial statements (continued)

Carrying value of investments

The Directors are required to exercise their judgement when assessing assets for indicators of impairment and determining what the appropriate valuation should be. At 30 June 2022, the Company's investments in subsidiary undertakings had a carrying amount of £181,760,000.

The Directors use their judgement in estimating the recoverable amount of each investment by considering the current value of each investment's net asset position and expected future performance. Forecasts of future performance require judgement to estimate future cash flows, long-term growth rates and applicable discount rates. These judgements are made based upon historical experience as well as input from external resources where applicable.

Recoverability of intercompany receivables

At 30 June 2022, the Company's intercompany debtors had a carrying value of £325,076,000. The Directors use their judgement in estimating the recoverable amount of each debtor by considering each counterparty's net asset position and expected future performance. Forecasts of future performance require judgement based upon historical experience as well as input from external sources where applicable. To the extent that actual recovery experience differs significantly from the assumptions on recovery the profit and loss account of the Company in future years may be materially affected.

Pension plans

The judgements and uncertainties in respect of the accounting for the Company's pension schemes are consistent with those for the Group discussed above.

5. Turnover

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

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

** During the year the Group has established a new business line, Maritime Performance Services. As more fully described on page 30, our Maritime Performance Services business line focuses on operational efficiency and sustainability solutions. The comparative period has been re-presented to separately show the turnover for this new business line, for which turnover was previously reported within the Marine and Offshore business line and Digital Products. The Digital Products operations not transferred to Maritime Performance Services has been renamed Industrial Digital Products.

Notes to the financial statements (continued)

Revenue represents the gross inflow of economic benefits and is analysed by category below:

	Group	
	12 months	6 months
	to 30 June	to 30 June
	2022	2021
	£000	£000
Revenue by category		
Rendering of services	569,096	375,669
Income from quoted securities (note 9)	3,917	1,013
Interest receivable on loans and deposits (note 9)	909	1,305
Rental income from investment property (note 9)	5,034	2,647
	578,956	380,634

Further information showing turnover by geographical location is not included since, in the opinion of the Directors, such an analysis would be seriously prejudicial to the Group's interests.

6. Operating (loss) / profit

Operating (loss) / profit before exceptional items is stated after charging / (crediting)

	Group	
	12 months	6 months
	to 30 June	to 30 June
	2022	2021
	£000	£000
Staff costs (note 7)	349,157	215,160
Amortisation of goodwill (note 11)*	5,586	4,269
Amortisation of intangible fixed assets (note 11)*	8,272	4,945
Depreciation of tangible fixed assets (note 12)	6,788	3,988
Charge for bad and doubtful debts*	5,162	7,496
Research and development costs	12,534	5,693
Operating lease rentals	23,964	15,144
Foreign exchange loss / (gain)	652	(3,320)
Loss on disposal of fixed assets	600	128

*Amortisation and impairment of intangible assets and impairment losses on trade debtors are included in administrative expenses.

Notes to the financial statements (continued)

Services provided by the Company's auditor and its associates

During the period the Group (including its overseas subsidiaries) obtained the following services from the Company's auditor and its associates:

	Group	
	12 months	6 months
	to 30 June	to 30 June
	2022	2021
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the parent Company and consolidated financial statements	712	510
Fees payable to the Company's auditor and its associates for other services:		
Audit of the Company's subsidiaries	1,035	1,470
Tax services	24	9
Other services	403	35
	2,174	2,024

7. Staff costs

	Group		Company	
	12 months	6 months	12 months	6 months
	to 30 June	to 30 June	to 30 June	to 30 June
	2022	2021	2022	2021
	£000	£000	£000	£000
Wages and salaries	288,559	174,018	20,790	5,828
Social security costs	30,803	21,544	1,550	851
Other pension costs (note 20):				
• Other pension costs excluding curtailments and settlement costs	29,492	19,441	2,856	1,982
• Curtailment losses	303	157	303	157
	349,157	215,160	25,499	8,818

Other pension cost includes only those items included within operating costs. Items reported elsewhere in the profit and loss (see notes 9 and 10) have been excluded.

In addition, £5.2m (2021: £6.3m) of redundancy costs have been incurred (note 8).

Notes to the financial statements (continued)

Average number of employees for the period:	12 months	6 months
	to 30 June	to 30 June
	2022	2021
	Number	Number
Marine and Offshore	2,478	2,524
Business Assurance and Inspections Services *	1,084	2,453
Maritime Performance Services **	109	27
Industrial Digital Products	118	152
Administrative and support	831	787
	4,620	5,943

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

** Comparative average employee numbers have been re-presented to separately show headcount in the newly created Maritime Performance Services business line.

Directors' remuneration	Group	
	12 months	6 months
	to 30 June	to 30 June
	2022	2021
	£000	£000
Emoluments	1,979	799
Amounts receivable under long-term incentive schemes	1,352	—
Group contribution to defined contribution pension scheme	24	12
	3,355	811
	Number	Number
	12 months	6 months
	to 30 June	to 30 June
	2022	2021
Directors members of:		
Defined contribution pension schemes	1	1
Long-term incentive plan	2	2

The highest paid director serving in the period received aggregate emoluments of £1,455,000 (6 months to 30 June 2021: £293,000) which includes £657,000 (6 months to 30 June 2021: £nil) of long term incentive plans. He was a member of Company defined contribution scheme and £24,000 (6 months to 30 June 2021: £12,000) was paid by the Company during the year.

Notes to the financial statements (continued)

8. Exceptional costs

Exceptional costs within administrative expenses

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

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

9. Net investment income and other finance costs

Net investment expense

	Group	
	12 months	6 months
	to 30 June	to 30 June
	2022	2021
	£000	£000
Investment (loss) / income	(37,964)	16
Less: interest payable and similar charges	(194)	(108)
Net investment expense	<u>(38,158)</u>	<u>(92)</u>

Investment (loss) / income

	Group	
	12 months	6 months
	to 30 June	to 30 June
	2022	2021
	£000	£000
Net (loss) / gain on disposal of investments	(2,626)	8,619
Interest receivable on loans and deposits	909	1,305
Fair value losses on financial assets measured at fair value through profit and loss	(26,099)	(15,141)
Income from quoted securities	3,917	1,013
Fair value (losses) / gains on investment property measured at fair value through profit and loss	(19,099)	1,573
Income from investment property	5,034	2,647
	<u>(37,964)</u>	<u>16</u>

Interest payable and similar charges

	Group	
	12 months	6 months
	to 30 June	to 30 June
	2022	2021
	£000	£000
Interest payable on overdrafts and other interest	(193)	(108)
	<u>(193)</u>	<u>(108)</u>

Other finance costs

	Group	
	12 months	6 months
	to 30 June	to 30 June
	2022	2021
	£000	£000
Net interest on defined benefit liability (note 20)	—	(186)
	<u>—</u>	<u>(186)</u>

Notes to the financial statements (continued)

10. Taxation

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

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

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

During the period beginning 1 July 2022, the net reversal of deferred tax assets and liabilities is expected to increase the corporate tax charge for the year by £5.0m (2021: £7.0m). This is due to the reversal of timing differences expected within the next 12 months.

Notes to the 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 profit before tax are as follows:

	Group	
	2022 £000	2021 £000
Group profit before taxation	361,627	22,908
Profit multiplied by the average standard rate of United Kingdom corporation tax of: 19% (2021: 19%)	68,709	4,353
Effects of:		
• Tax exempt profits	(2,009)	(969)
• Overseas rate differences	932	1,481
• Tax rate changes differences	(2,145)	(185)
• Goodwill amortisation not deductible for tax purposes	1,031	789
• Expenses not deductible for tax purposes / (income not taxable)	6,893	(175)
• Brought forward unprovided timing differences now recognised in period	(316)	(1,117)
• Impact of UK qualifying corporate donations	(2,016)	—
• Current period unprovided timing differences	4,159	2,281
• Fair value loss / (gain) on investment property not subject to tax	3,629	(299)
• Disposal of subsidiary undertakings including tax cost (note 14)	(78,226)	—
• Other taxes	2,989	1,660
• Adjustments in respect of previous periods	(563)	972
Group tax charge for period	3,067	8,791

In addition to the taxation charge above, tax of £17.2m has been included within transaction costs related to the disposal of BAIS (note 14)

Deferred tax liabilities / (assets)	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
At start of period liabilities	9,871	2,936	26,196	17,921
Arising in the period	943	6,273	1,810	8,247
Disposal of business	9,321	—	—	—
Foreign exchange differences	199	662	374	28
At 30 June liabilities	20,334	9,871	28,380	26,196
Deferred tax asset	(14,756)	(20,377)	(3,737)	(4,309)
Deferred tax liability (note 18)	35,090	30,248	32,117	30,505
	20,334	9,871	28,380	26,196
Deferred tax is recognised as follows:				
Accelerated capital allowances	3,022	2,768	4,077	3,985
Deferred tax arising in relation to retirement benefit obligations	37,511	26,068	39,801	30,290
Tax losses	(19,365)	(11,877)	(14,417)	(6,388)
Tax on disposal of business	4,063	—	—	—
Other timing differences	(4,897)	(7,088)	(1,081)	(1,691)
	20,334	9,871	28,380	26,196

Notes to the financial statements (continued)

Deferred tax liabilities on short-term timing differences are recognised whenever the treatment for tax purposes has enabled deductions to be taken in advance of the financial statements. Deferred tax assets on short-term timing differences and any overseas losses have not been recognised unless the asset is expected to be recovered in the foreseeable future. Deferred tax assets not recognised amount to £30.5 million (2021: £29.3 million). Unrecognised assets will potentially become recoverable against future profits generated in the relevant overseas operations.

11. Intangible fixed assets

	Group		Company	
	Goodwill	Software and other intangibles*	Goodwill	Software
	£000	£000	£000	£000
Cost:				
At 1 July 2021	111,391	85,416	7,145	64,085
Additions	9,471	2,435	—	2,376
Disposal of business (note 14)	(68,481)	(17,522)	—	(12,310)
Exchange adjustment	1,721	—	—	—
At 30 June 2022	<u>54,102</u>	<u>70,329</u>	<u>7,145</u>	<u>54,151</u>
Amortisation:				
At 1 July 2021	52,736	45,066	7,145	27,324
Charged during the period	5,586	8,272	—	6,990
Disposal of business (note 14)	(28,923)	(12,856)	—	(8,727)
Exchange adjustment	155	—	—	—
At 30 June 2022	<u>29,554</u>	<u>40,482</u>	<u>7,145</u>	<u>25,587</u>
Net book value:				
At 30 June 2022	<u>24,548</u>	<u>29,847</u>	<u>—</u>	<u>28,564</u>
At 30 June 2021	<u>58,655</u>	<u>40,350</u>	<u>—</u>	<u>36,761</u>

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

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

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

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

Notes to the financial statements (continued)

Acquisitions

C-MAP commercial

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

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

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

	Book value £000	Fair value adjustments £000	Fair value £000
Current assets	82	—	82
	<u>82</u>	<u>—</u>	<u>82</u>
Total consideration payable			2,731
Acquisition costs			—
Less net assets acquired			<u>(82)</u>
Goodwill arising on acquisition			<u>2,649</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 and is consistent with the initial acquisition.

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

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

Notes to the financial statements (continued)

Acquisitions (continued)

Green Steam Holdings Limited

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

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

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

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

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

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

Notes to the financial statements (continued)

12. Tangible fixed assets

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

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

Company:	Investment property*	Land and buildings	Leasehold improvements	Office fittings and equipment	Plant and machinery	Computer equipment	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:							
At 1 July 2021	140,563	22,882	2,321	16,078	29	22,539	204,412
Additions	373	5,499	—	—	—	2	5,874
Revaluations	(19,099)	—	—	—	—	—	(19,099)
Disposals	—	—	(1,307)	(360)	—	(71)	(1,738)
Exchange differences	—	—	—	(35)	—	(15)	(50)
At 30 June 2022	<u>121,837</u>	<u>28,381</u>	<u>1,014</u>	<u>15,683</u>	<u>29</u>	<u>22,455</u>	189,399
Depreciation:							
At 1 July 2021	—	14,807	1,490	11,702	3	22,485	50,487
Charged in year	—	471	74	1,141	2	19	1,707
Disposals	—	—	(740)	(332)	—	(64)	(1,136)
Exchange differences	—	—	—	(32)	—	(12)	(44)
At 30 June 2022	<u>—</u>	<u>15,278</u>	<u>824</u>	<u>12,479</u>	<u>5</u>	<u>22,428</u>	51,014
Net book value:							
At 30 June 2022	<u>121,837</u>	<u>13,103</u>	<u>190</u>	<u>3,204</u>	<u>24</u>	<u>27</u>	138,385
At 30 June 2021	<u>140,563</u>	<u>8,075</u>	<u>831</u>	<u>4,376</u>	<u>26</u>	<u>54</u>	153,925

*79% (2021: 79%) of the mixed used property is classified as an investment property. Land and buildings includes freehold property in the United Kingdom with a net book value of £12,344,000 (2021: £7,080,000) and estimated market value of £37,500,000 (2021: £41,942,000).

Notes to the financial statements (continued)

Heritage Assets

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

Investment property

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

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

As set out in note 9, rental income from investment properties for the 12 months ended 30 June 2022 was £5,034,000 (6 months ended 30 June 2021: £2,647,000).

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

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

13. Investments

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Investments in subsidiaries	—	—	181,760	174,451
Listed investments and cash held by investment managers (note 15)	286,080	68,653	286,080	68,653
Long-term loans	102	127	100	124
Investments in joint ventures: cost	—	—	100	100
	286,182	68,780	468,040	243,328
Investments in joint ventures: share of net assets	116	275	—	—
	286,298	69,055	468,040	243,328

Notes to the financial statements (continued)

Principal Group subsidiaries

Lloyd's Register Group Limited controls all the voting rights of the following principal subsidiary companies. A complete list of direct and indirect subsidiaries and joint ventures is included in note 27.

Company	Country of incorporation and registration	Principal activity
Lloyd's Register Americas Inc	United States of America	Marine inspection
Lloyd's Register Asia	United Kingdom	Marine inspection
Lloyd's Register Central and South America Ltd	United Kingdom	Marine inspection
Lloyd's Register EMEA	United Kingdom	Marine inspection
Lloyd's Register Marine Holdings Ltd	United Kingdom	Marine inspection

The carrying value of the Company's investments in subsidiaries is stated net of impairments of £42,860,000 (30 June 2021: £44,570,000).

	Cost	Accumulated impairments	Carrying value
	£000	£000	£000
At 1 July 2021	219,021	(44,570)	174,451
Additions	14,018	—	14,018
Disposals	(8,419)	1,762	(6,657)
Impairment	—	(52)	(52)
At 30 June 2022	224,620	(42,860)	181,760

Joint ventures

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

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

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

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

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Lloyd's Register Apave Limited*	—	160	—	—
Lloyd's Maritime Information Services Limited	116	115	100	100
Common Structural Rules Software LLC	—	—	—	—
	116	275	100	100

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

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

Notes to the financial statements (continued)

14. Sale of subsidiary undertaking

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

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

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

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

Notes to the financial statements (continued)

15. Listed investments and cash held by investment managers

	Group and Company			
	United Kingdom	Equities	Cash	Total
	Bonds			
	£000	£000	£000	£000
Carrying value:				
At 1 July 2021	67,936	—	717	68,653
Additions	56,437	207,162	27,927	291,526
Disposals	(16,341)	(31,155)	(504)	(48,000)
Revaluation	(19,639)	(6,462)	2	(26,099)
At 30 June 2022	<u>88,393</u>	<u>169,545</u>	<u>28,142</u>	<u>286,080</u>

All investments in bonds were in listed investments. The fair value of listed investments was determined with reference to the quoted market price at the reporting date.

Investments with market value of £51.8m (2021: £68.7m) were held in a ring fenced portfolio relating to the funding of pension liabilities outside the UK.

16. Debtors

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade debtors	131,204	118,284	766	3,212
Amounts owed by Lloyd's Register Foundation	2,587	1,150	191	—
Amounts owed by Group undertakings	—	—	325,076	468,089
Other debtors	41,339	6,852	33,729	534
Prepayments and accrued income	67,915	86,684	979	4,654
Taxation recoverable	14,276	14,972	—	12
	<u>257,321</u>	<u>227,942</u>	<u>360,741</u>	<u>476,501</u>

17. Creditors: amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade creditors	22,624	21,250	20,662	465
Amounts owed to Group undertakings	—	—	718,642	789,523
Other creditors	4,344	2,418	388	367
Corporation tax	23,079	15,188	1,240	132
Other taxation and social security	1,948	14,156	20	1,390
Accruals and deferred income	151,874	173,750	9,684	7,488
	<u>203,869</u>	<u>226,762</u>	<u>750,636</u>	<u>799,365</u>

Notes to the financial statements (continued)

18. Provisions for liabilities

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

Company	Deferred tax	Legal claims	Employee related	Other	Total
	£000	£000	£000	£000	£000
At 1 July 2021	30,505	784	8,101	256	39,646
Exchange revaluation	—	—	(10)	(20)	(30)
Charged to profit and loss account	(7,381)	—	1,590	6,717	926
Charged to other comprehensive income	8,993	—	—	—	8,993
Utilisation of provision	—	—	(107)	(21)	(128)
At 30 June 2022	32,117	784	9,574	6,932	49,407

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

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

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

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

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

Notes to the financial statements (continued)

19. Financial instruments

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

	Group	
	30 June 2022	30 June 2021
	£000	£000
Financial assets		
Investments in listed investments (note 15)	257,938	67,936

The Group's gains and losses in respect of financial instruments are summarised in note 6 (impairment losses) and note 9.

The fair value of investments in listed investments is measured using quoted market prices in an active market.

20. 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 year ended 30 June 2022, special contributions of £13.5m (6 months to 30 June 2021: £5.3m) were paid. The £13.5m includes a £12.0m payment which arose when a participating employer was removed from a multi-employer scheme as part of the BAIS business disposal.

Other long-term employee benefits

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

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

Other long-term employee benefits included within provisions (note 18)

Long-term unfunded employee benefits included within provisions are:

- UK: £9.1m (2021: £7.6m) in respect of the Executive Directors and Executive Leadership team participate in a Long Term Incentive Plan described in more detail in the Remuneration Committee report on page 37.
- Australia: £1.7m (2021: £1.6m) provision for paid sabbatical leave.

Notes to the 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 2022.

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

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

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

⁽¹⁾ Main United Kingdom funded scheme.

⁽²⁾ Japanese unfunded liability.

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

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

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

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

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

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

Notes to the financial statements (continued)

Amounts recognised in the consolidated balance sheet:

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

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

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

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	
	2022	2021	2022	2021	2022	2021
	£m	£m	£m	£m	£m	£m
Net pension assets	3.9	4.8	33.0	37.0	36.9	41.8
Net pension liabilities	(9.8)	(12.7)	(34.7)	(38.0)	(44.5)	(50.7)
	(5.9)	(7.9)	(1.7)	(1.0)	(7.6)	(8.9)

Notes to the financial statements (continued)

Amounts recognised in the Consolidated Profit and Loss Account:

	12 months to 30 June 2022	6 months to 30 June 2021
	£m	£m
Current service cost	4.8	3.3
Curtailment losses	0.3	0.2
Administrative expenses	1.4	0.6
	<u>6.5</u>	<u>4.1</u>
Interest cost on schemes' liabilities	22.8	9.3
Interest income on schemes' assets	(22.8)	(9.1)
Total amount included under Other finance costs (note 9)	<u>—</u>	<u>0.2</u>

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

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

Amounts recognised in the Consolidated Statement of Comprehensive Income:

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

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

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

Notes to the financial statements (continued)

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

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

21. Called-up share capital, share premium and reserves

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Issued, called up and fully paid:				
90,000 ordinary shares of £1 (2021: 90,000)	90	90	90	90
Share premium	39,960	39,960	39,960	39,960

The Company has one class of ordinary share which carry no right to fixed income.

The Group and Company's other reserves are as follows:

Profit and loss account

The profit and loss account represents cumulative profits or losses, including unrealised profit on the re-measurement of investment properties and listed investments. The profit and loss account includes £75,000 in relation to The John Barnard Stevens Trust. This trust was originally founded in 1923 following the death of John Barnard Stevens (a former Lloyd's Register surveyor). It was set up for the purpose of assisting previous Lloyd's Register employees and their families in cases where help was needed beyond that provided by the Lloyd's Register pension schemes, and remained an unregistered endowed charity, with certain Lloyd's Register employees acting as trustees.

In September 2012, Lloyd's Register Group Limited transferred by way of gift a portfolio of investments to its parent company, Lloyd's Register Foundation, with a cost value of £186.2m (market value: £206.4m) as an expendable endowment. In accepting the gift, the Lloyd's Register Foundation had agreed that, until June 2017, it would retain £100m of this sum. Had Lloyd's Register Group Limited become insolvent, as defined in a Deed of Gift, before that date, the Foundation agreed to pay a sum, to a maximum of £100m, to reduce the amount required to bring the assets of the Lloyd's Register Superannuation Fund up to 100% of the Buy Out Liabilities. The Lloyd's Register Foundation has previously extended the terms of the Deed of Gift with possible extension to 2034 and increased the obligation to £125m.

Notes to the financial statements (continued)

22. Contingent liabilities, capital and financial commitments

	Group		Company	
	2022	2021	2022	2021
Contingent liabilities:	£000	£000	£000	£000
In respect of bank guarantees	3,585	7,212	—	103
Escrow account for pension schemes	51,819	68,653	51,819	68,653
	55,404	75,865	51,819	68,756

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

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

Total future minimum lease payments under non-cancellable operating leases:

	Land and buildings		Other	
	2022	2021	2022	2021
	£000	£000	£000	£000
Group				
Within one year	8,233	15,973	3,744	7,322
Between two to five years	22,103	36,673	5,154	11,403
After five years	15,122	48,434	—	—
	45,458	101,080	8,898	18,725
	Land and buildings		Other	
	2022	2021	2022	2021
	£000	£000	£000	£000
Company				
Within one year	124	402	—	7
Between two to five years	—	31	—	7
	124	433	—	14

Notes to the financial statements (continued)

23. Reconciliation of operating profit to cash generated by operations

	12 months to 30 June 2022 £000	6 months to 30 June 2021 £000
Operating (loss) / profit	(8,996)	23,522
Loss on disposal of fixed assets	600	128
Exchange adjustment	17,018	(5,851)
Depreciation	6,788	3,988
Amortisation and impairment charges relating to intangibles	13,858	9,214
(Increase) / decrease in debtors	(96,002)	11,877
Increase in creditors	12,765	10,989
(Decrease) / increase in provisions	(3,635)	3,266
Foreign tax paid	(13,010)	(10,127)
Tax received	3,025	10,851
Defined benefit pension contributions in excess of fund charges	(17,829)	(8,758)
Curtailed losses	303	157
Cash (used) / generated by operations	<u>(85,115)</u>	<u>49,256</u>

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

24. Related party transactions

The Company 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 Group defines its key management personnel as the Board of Directors and the Executive Leadership Team. The remuneration for key management personnel for the year to 30 June 2022 totalled £8,920,000 (6 months to 30 June 2021: £4,430,000). Certain details of the remuneration of the Executive Directors and Executive Leadership Team are included within the Remuneration Committee report.

Notes to the financial statements (continued)

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

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

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

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

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

Notes to the financial statements (continued)

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

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

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

Two grants have been awarded to Lloyd's Register Group Limited from its parent, Lloyd's Register Foundation during the 12 months to 30 June 2022:

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

A £104,000 grant was awarded to Lloyd's Register Group Limited from its parent, Lloyd's Register Foundation during the 6 months to 30 June 2021 to support the SafetyTech Accelerator programme. £nil remains outstanding as at 30 June 2022 (30 June 2021: £51,000).

In addition to the grants provided, a further £2.4m may become receivable over the following nine years, with the majority receivable within the following two years. The additional payments are dependent upon periodic reviews of the project outcomes.

25. Ultimate parent entity and ultimate controlling party

The Directors consider that the immediate and ultimate parent undertaking and controlling party is Lloyd's Register Foundation. The smallest and the largest group of which the Company is a member for which consolidated financial statements are prepared is that headed by Lloyd's Register Foundation, a copy of which may be obtained from the Company Secretary at its registered office, at 71 Fenchurch Street, London, EC4M 4BS, United Kingdom.

26. Parent company result

Lloyd's Register Group Limited's principal activity is as an investment holding company. The profit for the year ended 30 June 2022 arising in the financial statements of the parent company is £290,465,000 (6 months to 30 June 2021: profit of £82,198,000). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company. The profit of £290,465,000 includes central management costs, profit on disposal of subsidiaries, reversal of impairment of intercompany receivables, net intercompany interest charges and the Company taxation charge.

27. Group companies

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

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

Notes to the financial statements (continued)

Company	Country of Origin	Registered Address	% of Ownership
Classification and Quality Services Ltd	UK		100
Classification Holdings Ltd	UK		100
Lloyd's Maritime Information Services Ltd	UK		50
Lloyd's Register Asia ¹	UK		100
Lloyd's Register Asia Trustees Limited ¹	UK		100
Lloyd's Register Central and South America Ltd ¹	UK		100
Lloyd's Register EMEA ¹	UK		100
Lloyd's Register EMEA Trustees Ltd ¹	UK		100
Lloyd's Register GMT Ltd	UK		100
Lloyd's Register Group Services Limited ¹	UK		100
Lloyd's Register International ¹	UK	71 Fenchurch Street, London, England, EC3M 4BS	100
Lloyd's Register Limited	UK		100
Lloyd's Register Nominee 1 Ltd	UK		100
Lloyd's Register Nominee 2 Ltd	UK		100
Lloyd's Register of Shipping Trust Corporation Limited	UK		100
Lloyd's Register Trust Corporation Limited	UK		100
Lloyd's Register Superannuation Trustees Ltd	UK		100
Seasafe Marine Software & Computation (UK) Ltd	UK		100
Lloyd's Register Marine Limited ¹	UK		100
Safetytech Accelerator Limited ¹	UK		100
Green Steam Holdings Limited	UK		100
Greensteam Vessel Optimisation (UK) Limited	UK		100
Lloyd's Register Finance Limited	UK		100
Senergy Holdings Ltd ¹	UK		100
Interactive Petrophysics Limited	UK	Kingswells Causeway, Prime Four Business Park, Kingswells, Aberdeen, Scotland, AB15 8PU	100
Senergy Resources Limited	UK		100
Lloyd's Register Digital Products Limited	UK		100
Lloyd's Register Aligned Services Limited	UK		100
71FS Insurance Company Limited ¹	GUERNSEY	Polygon Hall, Le Marchant Street, St Peter Port, GY1 4HY, Guernsey	100
Lloyd's Register Algeria SARL	ALGERIA	Business Center Tower - Algeria Business Center - 11e Etage, Pins maritimes, Mohammadia, Algiers, Algeria	49
Lloyd's Register Bangladesh Pvt Ltd	BANGLADESH	11 th Floor, 9 Mohakhali C/A, Dkaka - 1212, Dhaka, Bangladesh	100
Lloyd's Register Drilling Integrity Services Australia Pty Ltd	AUSTRALIA	Level 1, 503 Murray Street, Perth WA 6000, Australia	100
Lloyd's Register Belgie vzw ¹	BELGIUM	Lloyd's Register Belgie VZWD, Rijnkaai 37, 20000 Antwerp, Belgium	100
Lloyd's Register Maritiem België BV	BELGIUM	Jan van Gentstraat 7 bus 202, 2000 Antwerpen, Belgium	100
Lloyd's Register Do Brasil Ltda	BRAZIL	Rua da Gloria, 311-11, Andar, Rio de Janeiro, RJ, 20.241.180, Brazil	100
Lloyd's Register Canada Limited	CANADA	5121 Sackville Street, Suite 700, Sovereign Place, Halifax, B3J 1K1, NS, Canada	100

Notes to the financial statements (continued)

Company	Country of Origin	Registered Address	% of Ownership
MARTEC Limited	CANADA	237 Brownlow Avenue, Suite 200, Dartmouth, B3B 2C7, NS, Canada	100
Lloyd's Register Classification Society (China) Co Ltd	CHINA	19 th Floor, 550 Yan An dong Road, Huangpu District, Shanghai, China	100
Lloyd's Register Advisory Services China(Shanghai) Co Ltd	CHINA	Room 1906, No.550 Yan'an East Road, Huangpu District, Shanghai, China	100
Lloyd's Register Central and South America (Curacao) NV	CURACAO	Abahiancaweg No. 30 Wilhelmalaan 13, Curacao	100
Green Steam Vessel Optimisation Denmark Aps	DENMARK	c/o Lloyd's Register, Strandvejen 104, 1 Hellerup, 2900, Denmark	100
Hanseaticsoft Aps	DENMARK	c/o Sønderjyllands Revision – Torvegade 6, 6330 Padborg Denmark	100
Lloyd's Register Egypt LLC	EGYPT	Apartment no 303-3 rd Floor, 13 Ramo Gardens Street - EL Nasr Road, Nasr City, Cairo, Egypt	100
Hanseaticsoft GmbH	GERMANY	Frankenstrabe 29, 20097 Hamburg, Germany	100
Lloyd's Register Marine Deutschland GmbH	GERMANY	Überseeallee 10, Hamburg 20457, Germany	100
Hellenic Lloyd's SA	GREECE	348 Syggrou Avenue, Kallithea, Athens, 17674, Greece	100
Lloyd's Register Guyana Inc	GUAYANA	Unit 1, Upper Level, 127 Qumantina Street, South Cummingsburg, Georgetown, Guyana	100
Lloyd's Register Advisory (Hong Kong) Co., Ltd	HONG KONG	RMS 5304-5305, 53/F Hopewell CTR 183 Queen's road East Wan Chai, Hong Kong	100
Lloyd's Register Italia S.R.L ¹	ITALY	Via Sottoripa 1A/112, 16124 Genova GE, Italy	100
Lloyd's Register Industrial Services (India) Pvt.Ltd ¹	INDIA	63-64 Kalpataru Square, 6 th Floor, Kondvita Lane, Off Andheri-Kurla Road, Andheri (E), Mumbai, 400 059, India	51
Lloyd's Register Marine and Offshore Services (India) LLP	INDIA	63-64 Kalpataru Square, 6 th Floor, Kondvita Lane, Off Andheri-Kurla Road, Andheri (E), Mumbai, 400 059, India	100
Lloyd's Register Kazakhstan LLP	KAZAKHSTAN	29/6 Saipayev Street, Floor, Rakhat Palace Hotel, Almaty, Kazakhstan	100
Lloyd's Register Advisory Services (Korea) Ltd	KOREA	(C) Logistics Bldg., Joongang- dong 6-ga) 10F, 119, Daeyo-ro, Jung-gu, Busan	100
Lloyd's Register of Shipping (Malaysia) Bhd ¹	MALAYSIA	Level 18, 18-102 Equatorial Plaza, Jalan Sultan Ismail, Kuala Lumpur 50250, Malaysia	100
Lloyd's Register Services (Malaysia) Sdn. Bhd ¹	MALAYSIA	Level 18, 18-102 Equatorial Plaza, Jalan Sultan Ismail, Kuala Lumpur 50250, Malaysia	49

Notes to the financial statements (continued)

Company	Country of Origin	Registered Address	% of Ownership
Lloyd's Register Mozambique Lda	MOZAMBIQUE	1 Bairro da Polana, Av. Marginal Tenente Ovaldo Tazama Torres Rani Torre 1, 2 Piso, Fraccao 5, Mozambique, Maputo	100
LR Advisory Services BV	NETHERLANDS	George Hintzenweg 77, 3068 AX Rotterdam, The Netherlands	100
Lloyd's Register Maritiem Nederland BV	NETHERLANDS	George Hintzenweg 77, 3068 AX Rotterdam, The Netherlands	100
Lloyd's Register EMEA (Nigeria) Ltd Gte	NIGERIA	6th Floor, B Wing, Shippers Plaza, 4 Park Lane, Apapa, Lagos, Nigeria	100
Lloyd's Register West Africa Ltd	NIGERIA	The Pro Space Centre, 18 Olu Holloway Road, Ikoyi, Lagos, Nigeria	100
Lloyd's Register Voyage AS	NORWAY	Elganeveien 1, 4370 Egersund, Norway	100
Lloyd's Register Oman LLC	OMAN	Bait Al Bahja, Building No 603, Room 21, Way No 2710, Ruwi CBD, Muscat, Sultanate of Oman	70
Lloyd's Register Marine Polska Sp Zoo	POLAND	Al. Zwyciestwa 13a, 80-219, Gdansk, Poland	100
Vesopt Poland Sp Zoo	POLAND	Rondo Organizacji Narodow Zjednoczonych, 1, Xxv P., Warszawa, 00-124, Warszawa, Polska	100
Lloyd's Register Qatar LLC	QATAR	Regus Building D-Ring Road, Doha, PO Box 10285, Qatar	49
Lloyd's Register (Romania) SRL	ROMANIA	Sos. Iancului 31, Etaj 3, 021716 Bucuresti, Romania	100
Lloyd's Register Voyage RUS LLC	RUSSIA	Office 1-H, room № 57, liter H, house 8, Line 21 Vasilievsky Island, St. Petersburg, Russia, 199106	100
Lloyd's Register Saudi Arabia Ltd	SAUDI ARABIA	Office Number 7 Second Floor, West Tower Building, AL Khobar, Abdul Azeez Street, Saudi Arabia	100
Lloyd's Register D.O.O. (Beograd)	SERBIA	Vojvode Stepe 78, Beograd, Serbia	100
Lloyd's Register Singapore Pte Limited	SINGAPORE	9 North Buona Vista Drive, #02-01, The Metropolis, 138588 Singapore	100
Lloyd's Register Pte. Ltd	SINGAPORE	9 North Buona Vista Drive, #02-01, The Metropolis, 138588 Singapore	100
Lloyd's Register RiskSpectrum AB	SWEDEN	Box 1288, 172 25 Sundbyberg, Sweden	100
Lloyd's Register Marine Taiwan Ltd	TAIWAN	14F., No 137, Sec. 2, Nanjing E. Road. Zhongshan Dist. Taipei City 104475, Taiwan	100
Lloyd's Register Gozetim Ltd Sti	TURKEY	19 Mayis Mah. Ataturk Caddesi, Sitkibey Plaza, No 82 Kat 3 No. 12, Kadiköy, Istanbul, Turkey	100
Lloyd's Register (Ukraine)	UKRAINE	63 Bolshaya Morskaya Street, Office 203, Mykolaiv, 54001, Ukraine	100

Notes to the financial statements (continued)

Company	Country of Origin	Registered Address	% of Ownership
Lloyd's Register Middle East LLC	UAE	The Blue Tower Building, Khalifa Street, Abu Dhabi, UAE	49
Lloyd's Register Middle East & Africa Advisory Services LLC	UAE	The Blue Tower Building, Khalifa Street, Abu Dhabi, UAE	49
Lloyd's Register Americas, Inc. ¹	USA	1330 Enclave Parkway, Houston, Texas, 77077, USA	100
Common Structural Rules Software LLC	USA	16855 Northchase Drive, Houston, TX 77060, USA	50
Lloyd's Register North America, Inc.	USA	1330 Enclave Parkway, Houston, TX 77077, USA	100
Lloyd's Register Americas Advisory Services, Inc.	USA		100
Lloyd's Register Technical Services, Inc.	USA		100
i4Insight, Inc	USA	300 Creek View Road, Suite 209, Newark, DE 19711, USA	80
Lloyd's Register Asia (Vietnam) Company	VIETNAM	Suite 450 PetroVietnam Tower, 8 Hoang Dieu Street, Ward 1, Vung Tau City, Ba Ria, Vung-Tau Province, Vietnam	100

¹ Wholly owned directly by Lloyd's Register Group Limited

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

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

28. Post balance sheet events

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

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

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

Independent auditor's report to the member of Lloyd's Register Group Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Lloyd's Register Group Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2022 and of the group's profit 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 consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the accounting policies; and
- the related notes 1 to 28.

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

Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- linkage to business model and medium-term risks
- assumptions used in the forecasts
- sensitivity analysis
- sophistication of the model used to prepare the forecasts, testing of clerical accuracy of those forecasts and our assessment of the historical accuracy of forecasts prepared by management

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 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 directors 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 directors 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

Independent auditor's report to the member of Lloyd's Register Group Limited

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 directors

As explained more fully in the directors' responsibilities statement, the directors 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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and those charged with governance 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 Companies Act, pensions legislation 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. These included regulatory compliance certifications that the group holds such as ISO 9001, ISO 14001 and ISO 45001.

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 in the following areas related to revenue, and our specific procedures performed to address them are described below:

- manual adjustments are posted to the general ledger to true-up revenue recognised under multi-year marine in-service contracts. We have

Independent auditor's report to the member of Lloyd's Register Group Limited

- performed substantive tests of detail on a sample of contracts to assess the accuracy of the adjustments that were made; and
- the proportion of revenue recognised in the period in relation to fixed price projects that are still in-progress at the end of the period is subject to error due to an inaccurate estimation of costs to complete. We have assessed the design and implementation of key controls relating to this process and performed substantive tests of detail on a sample of contracts by corroborating project progress with project managers and evidencing the inputs to the revenue calculation.

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

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in house 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 and reviewing internal audit reports.

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 strategic report and the directors' report 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 have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent 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.

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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' 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 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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