

Lloyd's Register Group Limited
Report and consolidated financial
statements
30 June 2023

Company registration number: 08126909

Parent Company
Accounts for
Ensign Holdco 3
Limited
Co. No. 10172900
See pg. 87



Contents

	Page
1 Our Business	1
2 Chairman's Statement	2
3 Strategic Report	4
4 Directors and advisors	38
5 Remuneration Committee report	42
6 Audit and Risk Committee report	45
7 Nominations Committee report	47
8 Directors' report	48
9 Financial statements	50
10 Independent auditor's report	88

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.

We are 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 advisory business enables clients 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

Outlook

LR is a unique organisation in many ways, with our heritage, our people and our ownership structure all setting us apart. Where we are not unique is in our ongoing need to adapt and evolve so we can continue to thrive in today's rapidly changing world. Transformation in maritime is accelerating, and we need to be at the forefront of that transformation.

Change and growth are necessary, particularly as our industry and the wider world confront long-term issues such as climate change, declining biodiversity and a triple climate planetary crisis, as well as seismic technological shifts including autonomous ships and Artificial Intelligence. All of these present opportunities and challenges, and our unique corporate structure and culture provide firm foundations for LR to continue to be the trusted adviser that our clients and industry need us to be.

The Board has full confidence in LR's strategy, driven by our purpose of working together for a safe, sustainable and thriving ocean economy, and in our colleagues who deliver this. The Board also welcomes the steps taken to date which have demonstrated the value we can create for stakeholders.

Delivering our strategic priorities

I'm pleased to report that LR has delivered solid performance and made excellent progress against the priorities we set out 18 months ago when we launched our FIT to Grow strategy.

That we were able to achieve this against a backdrop of shifting geopolitical, macroeconomic and other external challenges is testament to the dedication, expertise and resolute customer focus of our colleagues. While some issues have abated, others have arisen, and the resilience of LR demonstrates the ability of our people and of our business to adapt nimbly to continue to deliver excellent products, services and advice to clients as opportunities and challenges emerge.

With the previous divestment of non-maritime activities and strategic acquisitions such as OneOcean that completed during the reporting period, the Board is excited to see the vision for LR as a focused maritime professional services provider coming to fruition. Our performance demonstrates the relevance of our strategy and of our proposition to clients, with services spanning our traditional core business of

classification services, operational optimisation and business advisory, with scope to add to the breadth and depth of our offer.

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

As we continue to execute our strategy, we will evaluate areas for collaboration as well as relevant acquisitions, recognising the importance of working with others as the industry addresses issues such as the maritime energy transition.

Governance

As confirmed by the most recent evaluation (more details of which can be found on page 41), LR's Board is effective, balanced, and applies broad and deep expertise to governance and decision making. The annual evaluation provides valuable input for the Board's ongoing development, and we have agreed actions following the recommendations made.

In January 2023, the LR Board welcomed Marina Wyatt as a non-executive director and chair of the Audit & Risk Committee. With more than 25 years of experience in senior finance roles, Marina is Chief Financial Officer of Associated British Ports and she is a valuable addition to the Board.

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. Details of the Board's activities and meetings for the reporting year can be found within the Section 172(1) statement on page 18.

ESG

We have continued to advance our sustainability efforts, and are pleased to include our first reporting against the requirements of the Climate-related Financial Disclosure Regulations on page 30.

A key role of the Board is to monitor LR's organisational culture and to engage with internal and external stakeholders. In addition to reviewing engagement surveys and Quality, Safety, Health &

Chairman's Statement

Environment reports, we recognise the importance of face-to-face meetings with stakeholders. My fellow Board members and I enjoyed an insightful and productive visit to South Korea in March 2023. As well as a valuable opportunity to visit clients and colleagues in this important market, the trip also provided an opportunity to spend time with our partners and colleagues from Lloyd's Register Foundation. Although our organisations are distinct entities that operate separately, we have a shared goal to reduce harm, and collaborate on projects when appropriate. A notable example of this is the Maritime Decarbonisation Hub, whose proposal for advancing green corridor clusters recently won them the IMO Next Gen award for The Silk Alliance.

Safety and sustainability are integral parts of LR's DNA, both in terms of our own operations and supporting clients to achieve their goals. We place great importance on these, and both are standing items on Board agendas. More detail of our work in this area is provided on page 15.

To support these efforts, in July 2022, a Technopolis report, *'Evaluating and Measuring Lloyd's Register Group's contribution to the charitable purpose of the Lloyd's Register Foundation'* was shared with our stakeholders. This looked at Lloyd's Register and Lloyd's Register Foundation's joint work through the lens of 'profit with purpose', and proposed six pathways for social impact, covering 72 indicators of success. A 'social value sheet' has now been created to measure and articulate the social value of Lloyd's Register's commercial work through 1) products and services, 2) advisors or observers, 3) leading by example and 4) pathways to impact.

The next stage will be a more detailed way forward with stories identified that showcase our social value and the pride colleagues feel in the difference their work makes.

Thomas Thune Andersen
Chairman, Lloyd's Register Group Limited

Strategic Report

Chief Executive Officer's report

Performance

Lloyd's Register Group has achieved a pleasing set of results, reflecting the impact of our strategic direction and the hard work and expertise of colleagues.

Continuing revenue for the year to 30 June 2023 reached £517m (2022: £441m), with £51.2m of the increase reflecting only ten months of turnover for OneOcean. The OneOcean acquisition was agreed in June 2022, with the transaction completing at the end of August. Underlying operating profit was £34m, compared with £38m for the 12 months to 30 June 2022. This was a positive performance in the context of challenging macroeconomic conditions and an inflationary environment, exacerbated by the ongoing war in Ukraine.

The Group's contribution to the LR Foundation was £22.0m, compared with £7.0m in the previous year.

Strategic developments

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

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

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

Our Digital Solutions business has been transformed with the acquisition of OneOcean, marking a significant step in LR's ambition to be the maritime industry's trusted adviser of choice for compliance, safety and sustainability solutions. Used by more than 20,000 vessels, OneOcean complements LR's existing portfolio of digital solutions, including fleet

management (Hanseaticsoft) and vessel performance and optimisation (i4 Insight, C-MAP Commercial and Greensteam), to provide easier operational compliance and voyage optimisation. Following completion of the purchase, Martin Taylor, CEO of OneOcean, joined the LR Executive Leadership Team.

LR's digital voyage solutions were further enhanced in April 2023 with the acquisition of a 50% interest in ISF Watchkeeper, the leading work and rest hours compliance software solution. Becoming a joint owner of ISF Watchkeeper with the International Chamber of Shipping (ICS) will combine our respective compliance and industry expertise to support improvements in crew welfare and environmental safety standards in the maritime industry.

Sustainability

With the maritime sector focused on decarbonising and embracing the energy transition, LR is seeing greater demand for our thought leadership, advice and services to clients looking to reduce their environmental impact. As regulatory requirements increase, such as the Carbon Intensity Indicator (CII) that became mandatory in 2023, and emissions trading schemes evolve, we invested in expertise and tools to support decision-making about different fuel types and energy-saving technologies. We enhanced our portfolio of advisory services by developing our verification tools to support clients in the measurement and reporting of emissions and understanding the associated emissions taxes they may incur. Harnessing the power of data and digital tools, LR supported clients across the maritime value chain and lifecycle to optimise both vessels and voyages.

Decarbonisation cannot happen without collaboration to maximise our collective expertise. We are proud to be members of bodies such as the Global Maritime Forum and UN Global Compact.

We have also been trusted advisers with partners to ensure progression along the energy transition. These include a joint study into ammonia safety onboard ships undertaken in conjunction with the Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping; and LR being selected by the Global Centre for Maritime Decarbonisation to carry out a concept study on offloading liquefied CO₂ captured onboard ships alongside partners Arup.

Strategic Report (continued)

The LR Maritime Decarbonisation Hub initiated and is managing a Green Corridor cluster in the Asia Pacific region. The Silk Alliance is one of the most progressive Green corridor projects with 17 stakeholders from Shipowners, fuel suppliers, administration and finance, with the aim to have zero carbon shipping in the region by 2028 and plan for full decarbonisation by 2050. The cluster is scalable to other ship types and regions.

April saw endorsement by the IMO and the Maritime and Port Authority of Singapore (MPA) through the NextGEN Connect Challenge based on our work with the Silk Alliance. With the NextGen work we are providing guidance and education to Less Developed Countries to bring them in line with developments for shipping and ports to ensure no one is left behind. LR is also leading by example through embracing sustainable practices in our own operations, and we remain committed to our own greenhouse gas (GHG) reduction objectives, as well as operating responsibly, ethically and inclusively.

Growth to support the ocean economy

The past reporting period has seen LR make significant strides and progress in our ambition to become number one.

Those strides included LR winning a number of landmark marine projects such as six Very Large Ammonia Carriers (VLAC) with a capacity of 93,000 cubic meters for Eastern Pacific Shipping; and key feasibility studies into using clean ammonia to refuel ships at the world-scale ports in the Pilbara region of Western Australia.

The Lloyd's Register Safetytech Accelerator is leading a coalition of shipping leaders to identify, accelerate and advocate technology solutions for the maritime industry to measure and manage methane emissions activity. Formed during this period, the Methane Abatement in Maritime Innovation Initiative (MAMII) aims to minimise the environmental impact of LNG in shipping, whilst aiding the transition to future fuel solutions.

Since its inception, MAMII has already mapped the LNG fuel landscape from the well to the ship, identified key measurements required, and has identified a range of potential new technologies for methane emissions measurement onboard ships.

LR has also published the world's first maritime rules covering hydrogen as a fuel. These new rules support the LR risk-based design process and flag administration acceptance of the 'Alternative Design' process, to permit the use of hydrogen as a fuel on board LR-classed ships other than gas carriers.

As we head into the next reporting period, we are confident that LR's strategy will continue to deliver world-leading and landmark projects that will accelerate maritime's energy transition.

People and culture

To embrace the opportunities from enhanced digital capability and to ensure we meet client needs in a responsive and globally consistent way, LR is adopting a global, client-centric organisation model. This will enable faster service delivery through greater sharing of resources and workload, leading to improved client outcomes and more development opportunities for colleagues. New client service teams will provide round-the-clock support, and service delivery will be managed globally. These changes will be implemented from the end of this reporting period and this transition will be guided with the support of Jo Weaver, who joined LR as Transformation Director in March 2023.

Skill shortages are an issue across industrial sectors, with maritime no exception. We have evolved our approach to talent acquisition and development, focusing on improving LR's employee value proposition, our new training and development framework, Propel, and our ongoing work on diversity, equity and inclusion and wider culture.

Keeping our people safe and well is our top priority.

Outlook

Our performance demonstrates the strength of our strategy to build on our unparalleled maritime heritage and relationships to develop the breadth and depth of our expertise, including our growing portfolio of digital solutions and advisory services.

As we work to remain at the forefront of regulatory and technological change by investing in people, processes and technology, we continue to identify more opportunities for growth as stakeholders across the maritime value chain seek to reduce the carbon intensity of their operations, turning to LR as their trusted adviser of choice.

Strategic Report (continued)

Nicholas Brown

Nicholas Brown (Nov 14, 2023 13:41 GMT)

Nick Brown
Chief Executive Officer
Lloyd's Register Group Limited

14 November 2023

Strategic Report (continued)

Financial and operational highlights

These highlights are discussed in more detail in the Financial results section below.

Financial key performance indicators

Turnover* £517m 2021/22: £569m	Adjusted operating profit** £34m 2021/22: £38m	Operating cash inflow £31m 2021/22: outflow £85m
Contribution to Lloyd's Register Foundation £22m 2021/22: £7m	Operating loss £8m 2021/22: £9m	Turnover per employee £141,000 2021/22: £123,000

Non-financial key performance indicators

Safety: High Potential Incidents 2 2021/22: 3	Employee survey result: Engagement score*** 67% 2021/22: 65%	Average headcount (Number) 3,669 2021/22: 4,620
---	--	---

* Turnover from continuing operations was £517m (2022: £441m)

** Adjusted operating profit is operating profit before exceptional costs (12 months to June 2023: £8.9m, 2022: £26.3m), goodwill amortisation (12 months to June 2023: £15.8m, 2022: £5.6m) and development project expenditure to enhance internal systems and processes (12 months to June 2023: £16.7m, June 2022: £14.6m).

*** This metric represents the result of the Employee Survey in December 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)

Financial Results

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

The Group's underlying trading performance is measured through its adjusted operating profit measure which was £33.7m for the year to 30 June 2023 (2022: £37.5m). This reflected investment during the year in our advisory and energy transition capability. 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 2023 was £16.7m (2022: £14.6m).

Revenue from continuing operations has increased from £441.4m to £465.6m, excluding £51.2m from the newly acquired OneOcean business, principally due to the strong performance from Marine and Offshore as detailed in the business line review below. Discontinued operations comprise the BAIS business line which was disposed of on 2 December 2021.

Gross profit margin for continuing operations, excluding acquisitions, decreased from 39.9% to 39.2% reflecting the additional personnel costs within Marine & Offshore to address workload issues, reduced profitability in parts of the Digital Solutions business which are in the development stage and salary cost increases not fully matched by price increases.

Administration costs for continuing operations, excluding exceptional costs have increased from £158.8m to £191.2m reflecting the acquired OneOcean administration related costs including £12.8m of goodwill amortisation as well as one off cost of living payments and the impact of inflation.

Group operating profit from continuing operations before exceptional costs for the year to 30 June 2023 was £1.2m (2022: profit of £17.5m).

Total Group net exceptional costs for the year were £8.9m (2022: £26.3m) and relate to restructuring activity associated with the restructure of the group's operating model partially offset by the recovery of a previously impaired loan.

Statutory operating loss for the year, after exceptional costs, was £7.7m (2022: £9.0m).

Donation to the Foundation

During the year, the Group made a £22.0m (2022: £7.0m) donation to its parent Lloyd's Register Foundation. This payment has been disclosed as a movement in the statement of changes in equity.

Taxation

The total tax charge of £3.4m (2022: £3.1m) represents an effective tax rate of (25)% (2022: 1%). The effective rate was affected by the geographical mix of profits and losses earned and non-deductible items. The prior year rate included tax on the disposal of 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 £7.2m, equivalent to 1.4% of sales (2022: 2.2%).

Balance sheet and working capital

Net assets for the Group at 30 June 2023 were £821.4m (30 June 2022: £897.0m), a decrease of £75.6m. The decrease is principally related to the net impact of:

- £294.0 increase in goodwill following the OneOcean acquisition;
- £43.8m decrease in listed investments due to a drawdown to fund the OneOcean acquisition and realised and unrealised gains / losses on investments;
- £30.7m reduction in investment property, principally due to the current year revaluation loss;
- £19.0m decrease in net pension assets due to actuarial losses, partially offset by employer contributions; and
- £257.8m decrease in cash balances as described below.

Cash and banking facilities

Cash and cash equivalents have decreased by £257.8m since June 2022 to £144.8m.

Strategic Report (continued)

The cash balance includes £15.7m (30 June 2022: £12.2m) 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 inflow from operating activities for the year to 30 June 2023 was £30.7m (2022: outflow of £85.1m) driven by the operating loss of £7.7m offset by improvements in working capital. The cash outflow from investment activities of £282.0m includes £300.1m related to acquisitions and a £22.0m donation paid to the Foundation, partially offset by investment returns and proceeds from the disposal of Industrial Digital Products.

Business lines' review

During the year the Group acquired One Ocean and established a new business line, Digital Solutions. The Maritime Performance Services business line reported in the prior year has become either part of the Digital Solutions business line or the separately managed Professional Services business line.

The Industrial Digital Products business line was divested of at the start of the reporting period.

Marine & Offshore

Performance

Overall, Marine & Offshore had a very positive year, achieving revenues of £396.3m (12 months to June 2022: £364.3m) against a backdrop of inflation, cost pressures and increased market competition, exacerbated by the ongoing conflict in Ukraine. Aside from measures in China in the early part of the reporting period, this was the first full year without pandemic-related restrictions.

Market performance in new construction was strong, and LR grew its global position throughout the year thanks to our ability to work with different ship types and the investments we made as part of our FIT to Grow strategy to develop capabilities, not just in traditional and transition fuels, but also future fuels. We continue to horizon-scan and collaborate across the industry in order to remain at the forefront of regulatory change, projects, technologies, and partnerships to ensure that the energy transition happens in a safe way.

These investments, approach and expertise allow us not only to support owners, shipyards and manufacturers in key decisions on decarbonisation but also to continue to expand LR's capability and market presence across the maritime value supply chain to become a maritime professional services organisation.

Despite the prevailing global challenges of the cost of living crisis, inflation and conflict, the world commercial fleet continues to grow. During the period, LR has also seen a continued increase in our share of the in-service fleet. Our objective is to become the number one classification society by in-service fleet size and we continue to make strategic investments across people, processes and technology to improve client journeys and increase efficiency in how we deliver to clients. A key enabler within the year has been the roll-out of Digital Workbench, a completely new way to undertake approvals. The platform gives clients greater visibility and, as we continue to build out the platform and give more functionality to clients, will in the future allow them to undertake certain tasks on a self-service basis.

Further, we are developing how we deliver our classification and compliance work. This builds on learnings from the pandemic, during which we carried out surveys remotely, with around 15% of all our surveys now done this way. In future, we would like to offer clients the option of undertaking surveys physically, remotely, and using DigitalClass. This would involve using data on ships to augment insights and in some cases replace the need to visit vessels physically. We are working with partners to develop frameworks to achieve this, learning from investments the LR Foundation has made alongside York University in frameworks created for the automotive, aviation and medical sectors. Working with ship owners and manufacturers allows a greater acceptance and use of data in the industry and facilitates the aim of ensuring the industry safely harnesses, captures and gains compliance and maintenance benefit from investments in data.

A challenge across our sector and indeed beyond relates to the recruitment and development of talent. We have invested in a new training and development framework called 'Propel'. Propel will support colleagues with learning, development and career progression, as well as helping us to shape our training and development in support of our strategic aims.

Strategic Report (continued)

Outlook

Our FIT to Grow strategy and specialisation in maritime have allowed us to focus our investments, giving LR a unique opportunity and sound foundations for profitable growth. In line with our strategy, we are now accelerating our transformation. Continued investments across people, process and technology, shaped by current and future client journeys and LR's enhanced and differentiated services, will transform LR from what we have historically been known as, a classification society, to a maritime technical professional services company.

Digital Solutions

Performance

The completion of the OneOcean acquisition at the end of August 2022 was a step change in LR becoming a leading digital player in the maritime sector, forming the basis of a business line that generated revenues of £73.3m during the reporting period.

OneOcean has been integrated with LR's existing digital solutions, including fleet management (Hanseaticsoft) and vessel performance and optimisation (i4 Insight, C-MAP Commercial and Greensteam), to provide a holistic, single-platform view of vessel and voyage performance.

All global offices have been combined and the integrated product roadmaps and sales approaches are working well, reflected in LR's increased share of the compliance, navigation and environmental market segments, and growth in both vessel and overall subscriptions.

LR's solutions are used by more than 20,000 vessels to support and optimise compliance, safety and environmental performance, enabling teams to work more transparently for improved operational efficiency and enhanced decision making.

As we continue to broaden our portfolio both organically and through acquisition, in April 2023 we announced the acquisition of a 50% interest in ISF Watchkeeper, the leading work and rest hours compliance software solution, becoming joint owners alongside the International Chamber of Shipping (ICS). The software, used by more than 180,000 seafarers, helps global ship operators to plan, manage and report their crew's rest hours compliance in accordance with the International Convention on

Standards of Training, Certification and Watchkeeping for Seafarers (STCW) and the Maritime Labour Convention (MLC).

Outlook

Demand for transparent, quality data continues as customers seek to increase operational efficiencies and decrease their carbon footprint in line with regulation and wider market drivers, with ongoing growth in vessel connectivity through satellite communications a key facilitator.

Professional Services

Performance

Professional Services revenues grew by 13%. We saw the greatest growth in our Performance Design & Environment and Hazard Risk & Reliability portfolios, driven primarily by the offshore industry as energy security concerns have driven clients to look at reactivating production units or to build new Liquefied Natural Gas (LNG) capability.

Our Business Advisory portfolio increased notably compared with the previous year. There is a significant pipeline of work as we support clients to create actionable energy transition strategies for their existing fleets' retrofits, ship recycling and new construction options as part of an enterprise risk reduction strategy. In addition to voyage optimisation, delivered through our Digital Solutions business, clients are evaluating energy saving devices and technologies, such as rotor sails and air lubrication systems; areas in which we have very strong technical expertise. We are also looking at alternative fuels, undertaking risk assessments for fuels such as methanol and longer-term options, such as hydrogen and ammonia.

Regulatory change continues to be the principal driver of demand, with all ships now required to comply with the International Maritime Organisations (IMO's) Energy Efficiency Existing Ship Index (EEXI), and to initiate data collection for the reporting of their annual operational Carbon Intensity Indicator (CII). In addition to the IMO regulations, emissions trading schemes, such as the Fit for 55 reform of the EU ETS (Emissions Trading System) may impose punitive financial penalties associated with emissions. There is uncertainty about the timing and quantum of

Strategic Report (continued)

penalties, and how these will be implemented. We will likely see emissions trading schemes established in other regions, with differing reporting mechanisms adding further complexity for stakeholders.

We also saw strong performance in Technical Advisory, with fuel oil testing and condition assessment services seeing attractive growth.

Outlook

We will continue to build our Business Advisory services and our techno-commercial capability to help our clients assess their fleets, understand the penalties they could incur, how these will be calculated and passed on to third parties in the assessment of Scope 3 emissions, and what mitigation our clients have in terms of voyage optimisation or retrofit options. We are looking to deploy our emissions management verification tools to help clients cost-effectively and transparently transition through the regulatory measures.

Regulatory change is here to stay, with the Carbon Intensity Indicator (CII) placing ever increasing pressure on the industry to reduce emissions. We are building our Professional Services portfolio around the energy transition for people, process and technology, which will be a theme for the maritime industry for years to come. Our expertise and deep customer knowledge give us a strong position as a trusted adviser across the industry.

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 24 to 29 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.

Strategic Report (continued)

Chief People Officer's report

Investing in our colleagues

We seek to offer world-class, personalised learning experiences that encourage and celebrate innovation and skills, and enhance technical, commercial, advisory and digital capabilities to support the organisation to be industry-leading providers of maritime professional services.

Propel

To build our capabilities to deliver our strategy, we have worked with Solvd Together to develop Propel, our first new strategic learning experience for Surveyors and Technical Support Office (TSO) communities, launched in September 2023. We have adopted a human-centred design and used feedback from colleagues and customers to ensure we make learning and development meaningful and based on the tasks and challenges of colleagues' day-to-day working lives.

Following the roll out to Surveyors and TSO colleagues the programme will be adapted for our Commercial teams.

Talent identification and development

Given the competition for talent, it is more important than ever to identify and develop our own talent. To deliver our strategy we need people to be technical leaders, digital leaders, or commercial leaders, as well as people leaders. This forms the basis of our evolving talent strategy, which now segments talent against disciplines, enabling us to plan development interventions for each segment. The cohort from our previous talent programs have been given the opportunity to participate in real work challenges, led by members of the Executive Leadership Team.

Delivering for everyone

We aim to nurture a truly inclusive culture through which colleagues feel connected to our purpose, creating a sense of belonging that enables us to make a difference to each other, our clients and wider society.

Diversity, Equity and Inclusion (DEI)

We continued our work to embed accountability for diversity, equity and inclusion into everything we do, and will increase activity to drive engagement with our colleague networks, which are organised around

Gender, Ethnicity and LGBTQIA+, with the recent addition of a DisAbility Alliance.

During the year, LR participated for the first time in the external benchmark led by the Diversity Study Group (DSG), being the first class society to participate. This is the second year of the survey, which shines a light on the status of the shipping industry regarding people-centred topics such as training and development, salary and benefits, and diversity, equity and inclusion.

We are members of the All Aboard Alliance, which brings together senior leaders from across the maritime industry, united by a collaborative drive towards increasing diversity, equity and inclusion across the sector.

Count me in

During the reporting period, we launched the 'Count Me In' project to establish our employee DEI baseline data, after which we will agree our inclusion objectives and plans to achieve these. This involves an "always on" mechanism within our people management system, allowing colleagues to self-identify across the employee lifecycle and integrating pre and post hire DEI information to further improve data capture. The enhanced insights from more detailed diversity data will identify focus areas to improve diversity, equity and inclusion at LR.

Gender Pay Gap

Our most recent annual Gender Pay Gap report, related to our UK operations and completed with EY, shows decreases in both the UK pay and bonus gaps since 2021.

The development, promotion, and appointment of women into senior roles remains a focus, with gender and wider equality a feature of our recruitment practices as well as in our ongoing work to develop attractive career pathways.

Nurturing a culture of growth and belonging

We used a Pulse survey to establish a baseline assessment of our cultural landscape, and launched our Culture Roadmap to equip colleagues with the mindset, tools and behaviours to deliver our strategy. We will continue to use Pulse surveys as part of our engagement strategy.

Strategic Report (continued)

Team of Teams

In September 2022, we launched 'Team of Teams' to bring together our community of 500 leaders. This forum will drive the achievement of three objectives: Translate strategy into action, provide a formal space for building informal networks, and foster a culture of continual improvement by connecting and leveraging company-wide expertise.

Experience in a Box

We developed a series of regular 'Experience in a Box' communications to support managers during team days by providing facilitated learning experiences to encourage team-based exploration of themes (e.g. trusted adviser, growth mindset, values).

Growth mindset

A growth mindset is critically important to the success of our strategy. In May 2023 we delivered sessions for leadership at the leadership summit, and all colleagues at our second FIT to Grow conference which focused on ensuring all our colleagues share the growth mindset.

Creating a great place to work

We want to be recognised as a place for high-performing, customer-focused teams, with a first-class colleague experience that supports the wellbeing of colleagues, allowing us to attract, retain and reward the best talent.

Employee value proposition

We have developed an employee value proposition to articulate what we offer as a company to attract, engage and mobilise talent. Our proposition spotlights our sources of differentiation, our ownership by the Foundation and the strong sense of purpose this brings to customers, colleagues, and future colleagues. We invited leaders and colleagues to provide input to the EVP and tested this in workshops at our recent leadership conference.

Ways of working

Colleagues have told us that flexibility, choice, inclusion and wellbeing are incredibly important to them. In response to this feedback we introduced a hybrid model of working and communicated in May 2023 the introduction of two new benefits. Colleagues in many countries (subject to local legislation) are now able to choose to take public holidays on the dates that are most meaningful to them and, from the

new calendar year, will be able to buy or sell up to five days' annual leave each year.

Cost of living payment

In September 2022 we gave a £1,000 cost of living payment to 85% of our workforce to support the financial wellbeing of colleagues. This was paid to all eligible colleagues across the LR organisation worldwide in local currencies equivalent to £1,000. We are continuing to monitor inflation and market developments in the countries where we operate to make informed reward decisions.

Wellbeing

Wellbeing at LR is led by the needs of our colleagues and by best practice.

LR has a global network of volunteers who support colleagues with health and wellbeing - we call them our Health and Wellbeing Champions. All trained in Mental Health first aid, they support colleagues by listening, sharing information, running local sessions or activities and access to professional help. Our Safety Culture Survey, conducted in early 2023, included questions on employee wellbeing and thanks to their feedback, we now have projects in place to make sure it is addressed where possible.

We know access to information is vital. Alongside our regular content created about health and wellbeing, we have a 24/7 available service on our learning platform 'LR Academy', where Health and Wellbeing learning and information is accessible for all colleagues at all times. Our team leaders are equipped with tools and resources for talking about health and wellbeing at work, holding seminars both internally and with external facilitators. Alongside our 24/7 learning service, we use and promote the use of our Employee Assistance Programme (EAP) which allows colleagues to speak with a 24/7 third party service that offers confidential assistance in dealing with personal or work-related problems that may impact job performance, health, mental and emotional wellbeing.

The Health and Wellbeing of LR people continues to be a key area of focus, and will be something we continue to evolve and grow this year and beyond.

Strategic Report (continued)

Hiring great people

Our talent acquisition strategy seeks to deliver a world-class, personalised digital experience that puts candidates at the heart of the process and enables us to build diverse, high performing teams targeting digital, advisory and sales capabilities and customer-centric, winning mindsets.

We are building the foundations upon which we can create a talent acquisition function that prioritises direct sourcing and takes a differentiated approach to attraction, with globally consistent hiring processes. We seek to introduce tools and technologies to professionalise our recruitment experience for both candidates and managers, making it easier to attract the top talent.

Strategic Report (continued)

Sustainability

Our vision for safe and sustainable oceans

LR's purpose is working together for a safer world, and it's clear to us that a more sustainable world is a safer one. For this reason, our work has evolved from a focus on safety to encompass broader sustainability and social considerations as we work to achieve our vision of working together for a safer, sustainable, thriving ocean economy.

As we play an important role in the maritime energy transition to decarbonise the sector and advise clients on how to reduce their environmental impact, it is crucial that LR leads by example by embracing sustainable practices in our own operations. We have adopted a triple bottom line approach to measure our success, taking into account People, Planet and Profit, and recognise the importance of engaging our colleagues to act individually and collectively to maximise the effective use of natural resources and minimise negative impacts on the planet.

The ocean economy is large and diverse. Therefore, we will focus our efforts on areas where we can be a catalyst for change, add the most value and make the greatest difference.

Our focus areas

Helping clients and the wider maritime industry to achieve their energy transition goals will enable a more resource-efficient ocean economy, which will contribute to increasing the resilience of maritime infrastructure and supply chains. We will do this while doing business in a responsible way; keeping our people safe and well, promoting diversity and inclusion, working to achieve Net Zero and always conducting our business ethically and with integrity.

We have identified three strategic sustainability focus areas where we can add value and make a difference:

- Enabling low carbon industry and sustainable supply chains
- Empowering our people and our communities
- Embedding responsible and sustainable business practices

The focus and vision aligns with our values:

- “We do the right thing” by being a responsible and responsive business.
- “We share” by investing in a safe and sustainable society and partnering with global leaders driving safer and sustainable change.
- “We care” about our colleagues, and by having a workplace that has a strong ethos of diversity, inclusion and belonging.

We are aligned with and committed to contributing to the UN Sustainable Development Goals (SDGs).

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.

Enabling low carbon industry and sustainable supply chains

Maritime decarbonisation

In order to achieve zero emission shipping by 2050, zero emission vessels need to be 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.

At LR, we are supporting our clients with their energy transition journey in five key ways:

- Thought leadership, both through the LR Maritime Decarbonisation Hub, our joint initiative with LR Foundation, and as a Group. The Hub's insights and tools include the Zero Carbon Fuel Monitor to assess the readiness of the most promising zero carbon fuels, and the Global Maritime Trends research report in partnership with the Lloyd's Register Foundation and the Economist. Previewed at the Marine Advisory Committee in June 2023, the first phase of this multi-year programme is a research report that sets out four landscapes for the future of maritime in 2050, and ongoing developments will be modelled to understand the implications for the sector across vessels, trades, fuels, ports and people.

Separately, LR has recently launched its Fuel for Thought series, a quarterly series of

Strategic Report (continued)

webinars and reports focused on analysing policy developments, market trends, supply and demand mechanics and safety implications for each viable alternative fuel.

- Advice, including energy transition strategy advisory and techno-economic modelling.
- Verification, to provide solutions that help clients measure, monitor and report emissions and the effectiveness of energy saving devices and technologies.
- Risk control, including risk-based classification and Statutory Certification, Regulatory advisory and risk management, Training and human elements advisory on the use of alternative fuels.
- Performance, using data and digital tools to support operational efficiency through voyage and vessel optimisation.

We previously committed to leading programmes to create green corridors, which are zero emission shipping routes, to be implemented by the middle of the decade. The first of these is The Silk Alliance, a growing consortium led by the LR Maritime Decarbonisation Hub, focused initially on the intra-Asia container trade. We are delighted that the Hub won the NextGEN Connect Challenge organised by the IMO and the Maritime and Port Authority of Singapore (MPA). As a result, our action plan to introduce green shipping corridors based on The Silk Alliance has been selected for pilot implementation in collaboration with the IMO. As well as the experience from initiating The Silk Alliance, the Hub will also leverage its 'First Mover Framework' methodology for evaluating different fuel transition pathways, generating knowledge and investment for the wider region. With this pilot implementation, we aim to reduce emissions from cargo trade in the region, incentivise the development of alternative fuel supply infrastructure, and provide the methodology and momentum needed for shipping to fulfil its 2050 zero emissions goal.

Working in partnership to bring together expertise is vital for achieving successful outcomes. For this reason, we are participants in the Getting to Zero coalition, the Global Maritime Forum and the United Nations Global Compact. A further example is the recent announcement that LR will be working with the Global Centre for Maritime Decarbonisation (GCMD)

and Arup on a concept study for offloading liquefied CO₂ captured onboard ships.

Reskilling the workforce is integral to a successful energy transition. 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.

We believe that by 2030, circularity principles should be integrated throughout the lifecycle of maritime assets. We are committed to embedding circularity into the maritime sector, exploring its feasibility and designing practical solutions that create value, and are working with others on this through the Sustainable Shipping Initiative (SSI).

LR's commitment to Net Zero

Lloyd's Register is resolutely committed to achieving net-zero by the year 2050. This commitment stands as a testament to our dedication to environmental stewardship and sustainability. In alignment with global efforts to mitigate the impacts of climate change, our commitment to Net Zero underscores our determination to operate in a manner that not only safeguards our planet but also promotes a more sustainable future for generations to come.

Our strategy involves a comprehensive approach encompassing every aspect of our operations. From fostering energy efficiency to adopting cleaner technologies, we are actively pursuing innovative solutions that will minimise our carbon footprint. Our journey toward Net Zero is characterized by strategic investments, collaborative partnerships, and a continuous pursuit of best practices.

Furthermore, our commitment extends beyond internal efforts. We understand the importance of being a catalyst for positive change within our industry and among our partners. By setting ambitious targets, sharing our experiences, and collaborating with stakeholders, we aim to inspire and drive collective action for a more sustainable future.

Achieving net-zero emissions by 2050 is both a challenge and an opportunity. It calls for unwavering dedication, relentless innovation, and a shared vision. We are proud to embark on this journey, leveraging our expertise, resources, and determination to pave

Strategic Report (continued)

the way for a world that is more resilient, cleaner, and more harmonious with nature.

We have outlined the following commitments to help us achieve our targets:

- **Travel:** We have implemented a 'remote-first' travel policy, together with quarterly CO2 reporting.
- **Fleet:** We will review our fleet with the aim of switching to hybrid and/or all electric vehicles as contracts are renewed, in line with our emission reduction targets.
- **Procurement:** We recognise that the purchase of goods and services is a significant contributor of emissions and are working to identify areas where we can work with our supply chain to drive down emissions.
- **Property:** We continue to work to provide colleagues with modern, engaging and flexible working environments that align with the sustainability and other criteria set out in our property play book.

Actual GHG emissions for the year are reported on page 37.

Empowering our people and our communities

We are committed to investing to give our people the tools, resources and knowledge to be catalysts for a sustainable ocean economy. We seek to be champions of diversity for the maritime sector, creating a safe, equitable, inclusive and ethical way of working.

Embedding responsible and sustainable business practices

We have a long and proud heritage of doing the right thing, and our sustainability vision is built on the strong foundations of our values and culture. These guide 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, and are essential to being regarded as a trusted partner.

Streamlined Energy and Carbon Reporting (SECR)

Lloyd's Register (LR) established an updated emissions inventory which reflects the recent changes to the organisation from the divestment of LRQA and acquisition of OneOcean.

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.

Review of a risk item is a standing agenda item. 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, two risk deep dives were postponed to allow sufficient time for another agenda item, with both cases reflecting a key risk or opportunity facing the group. The risk deep dives which took place during the year were Competition and Disruption to Existing Markets, Technical Quality Failure and Loss of a Major Global Accreditation and Cyber Risk 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: oversight of the integration and performance of the OneOcean business and the integration of the Digital Solutions businesses; the reorganisation of the Marine and Offshore businesses into one global Maritime business supported by

globally structured resources; the continued development of the Maritime strategy; the IT strategy; 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 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

Strategic Report (continued)

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.

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 year included:

- the ownership of the Group's Heritage Asset Collection and London premises; and
- the development of the Maritime Strategy and consideration of strategic choices.

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 Safetytech Accelerator programme is carried out through a non-profit distributing subsidiary of the Group, Safetytech Accelerator Limited. Future activities of the Maritime Decarbonisation Hub will also be carried out through a non-profit distributing subsidiary, Lloyd's Register Maritime Decarbonisation Hub Limited.

In March 2023, the Board held its joint session with the Foundation Board in Busan, South Korea. The Boards were able to visit a number of client locations and engage with Lloyd's Register colleagues and clients. During the joint session, the Boards considered the Group's strategic priorities and also how the Group's people and expertise could further assist the Foundation's strategic initiatives and projects, by way of formal short-term and long-term secondments and also support the Foundation's plans for more impact on a global basis.

In June 2023, the Board held its annual investor relations meeting with the Foundation, to update the Foundation Trustees on progress with strategic implementation and the plans for the next three years, with presentations in respect of strategy, the corporate narrative; partnership with the Foundation; the plans for growth of the Maritime business; the LR Group budget; and the annual review of previous acquisitions and investments.

2. Customers

Strategic Report (continued)

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.

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 ISF Watchkeeper, a global analytics and benchmarking business to enhance

the Digital Solutions business and 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 improving client support through 24/7 global support, strategic partnering and enhanced service delivery.

Regular updates have been provided to both the Group Board and the Foundation Board on progress with these objectives, and with the integration of the Digital Solutions businesses following the acquisition of the OneOcean business.

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 2023, 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

Strategic Report (continued)

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.

How the Board engages and communicates

A standing agenda item in respect of workforce engagement and related matters has been added to the Board processes and the Group's Chief People Officer attends each board meeting to update the Board on key initiatives, in addition to the annual presentation of various initiatives such as the implementation of the Group's Diversity, Equity and Inclusion strategy 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 Quality, Health, Safety and the Environment (QHSE) 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 12.

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

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's Chief People Officer provided updates to the Board on employee remuneration in the light of rising inflation, the plans to develop a total reward strategy, development of a bespoke training programme and on the Employee Value Proposition.

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

Strategic Report (continued)

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 Standardization (ISO), the International Association of Classification Societies (IACS) and the European Maritime Safety Agency (EMSA), amongst others.

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 successful recertification by BSI of the Group's Quality Management System, ensuring it continues to be compliant with ISO 9001 and QMSR (IACS Quality Management System Requirements).

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 Maritime 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

Strategic Report (continued)

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.

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 Lloyd's Register Maritime Decarbonisation Hub and the Safetytech 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 September 2022, the Board received an update from the Chief Marketing Officer on the Group's Sustainability Programme, noting the progress made against the plan for the reduction of Greenhouse Gas emissions, including in respect of offices, business travel and the supply chain.

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 representing the magnitude or severity of a potential risk event and considering:

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

Risk likelihood refers to the probability or chance of a specific risk event or scenario occurring.

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.

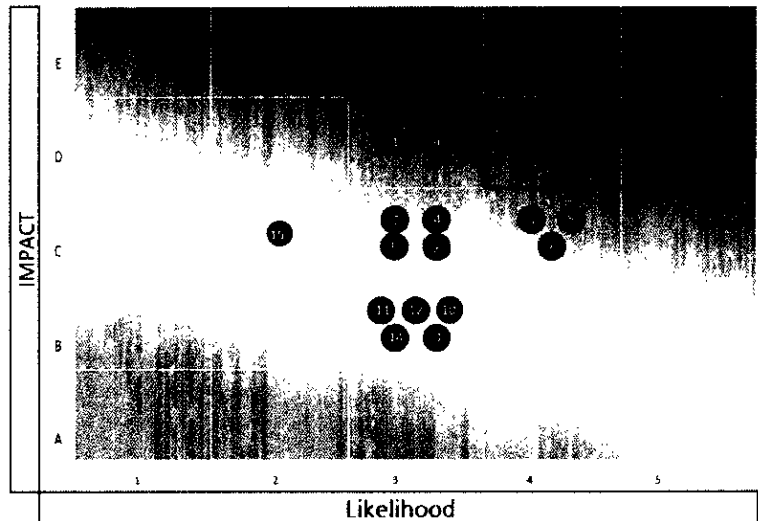
On an annual basis, the Board undertakes an assessment of the risk management framework and the key risks. Furthermore, a programme of risk deep dives is presented by senior leadership at each Board meeting.

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.

- 1 Reliance on key industries and services or geographies / appropriateness of Group strategy
- 2 Market disruption through technology & innovation
- 3 Competition
- 4 People, Talent and Succession
- 5 Commercial excellence and customer experience
- 6 Strategic corporate development investments fail to deliver benefits
- 7 Geopolitical changes
- 8 Investment performance
- 9 Safety & Security Incidents
- 10 Technical quality failure
- 11 Cyber & data security
- 12 Business resilience event/crisis
- 13 Major Change Projects do not achieve expected benefits
- 14 Outsourced providers
- 15 Loss of a major accreditation



Principle risks & uncertainties

Strategic Risks			
Risk		Possible Impact	Mitigations
1	Reliance on key industries / appropriateness of Group Strategy With its new strategy, LR is materially exposed to a number of sectors, products and geographies within the maritime market. A sharp decline in key areas will impact LR's revenue and earnings.	<ul style="list-style-type: none"> Reduced revenues, earnings, margins, and cashflows. Cost of restructuring programmes. Significant resourcing and management time to support. Ineffectiveness of strategy of increasing advisory services. 	<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. Cost control across the group.
2	Market disruption through technology & innovation Disruption to LR's business model by both digital and data led models.	<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"> Acquisition of OneOcean to form an integrated digital solutions platform. Continued investment and expansion of remote delivery solutions. Development of new digital innovation capabilities including marine specific solutions working closely with partners.
3	Competition Disruption to existing core markets due to aggressive competitor activity and / or increased competition from new entrants to core markets.	<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)

4	<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. • Volume of organisational change may result in loss of employee morale impacting success culture transformation. 	<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. • Benchmarking of total reward packages.
5	<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.
6	<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.
7	<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	Investment Performance 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.	<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	Safety & security incidents 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.	<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 senior leadership and board. 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	Technical quality failure Failure of LR technical or quality procedures or internal controls resulting in defective advice or certification leading to the operation of unsafe assets.	<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	Cyber & data security 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.	<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)

12	<p>Business resilience event/crisis</p> <p>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. • Business impact assessments at key locations. • Emergency response communication software in place.
13	<p>Major change projects do not achieve expected benefits</p> <p>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. • Transformation director recruited to oversee all strategic investments.
14	<p>Outsourced Providers</p> <p>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		Impact / Current risk issues	Mitigations and Future actions
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>	<ul style="list-style-type: none"> • Loss of market access and market share. • Lower revenue and/or margins. • Reputational damage. 	<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.

Strategic Report (continued)

Overview of climate-related financial disclosure

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

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

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

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

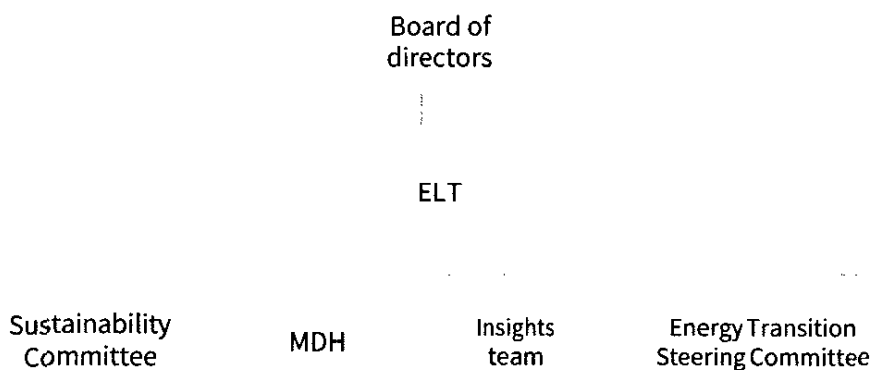
1. Governance

Details of the Board of Directors can be found on page 39 and further details of how LR works with the Foundation can be found in the Section 172(1) statement on page 18.

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

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

Outlined below is our climate-related governance structure (Figure 1).



Strategic Report (continued)

1.1. Board-Level Oversight

The LRG Board of Directors and the ELT work collectively, to govern and guide the actions of LR.

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

The LR Board of Directors receives regular updates from ELT members on key operational matters and key risks, and Quality, Health, Safety and Environment is a standing agenda item for each Board meeting. As noted in the Section 172(1) report on page 18, during the year under review, the Board received an update from the Chief Marketing Officer on the LR Group's Sustainability Programme, which has climate-related topics incorporated within.

1.2. Executive Leadership Team

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

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

1.3. Sustainability Committee

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

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

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

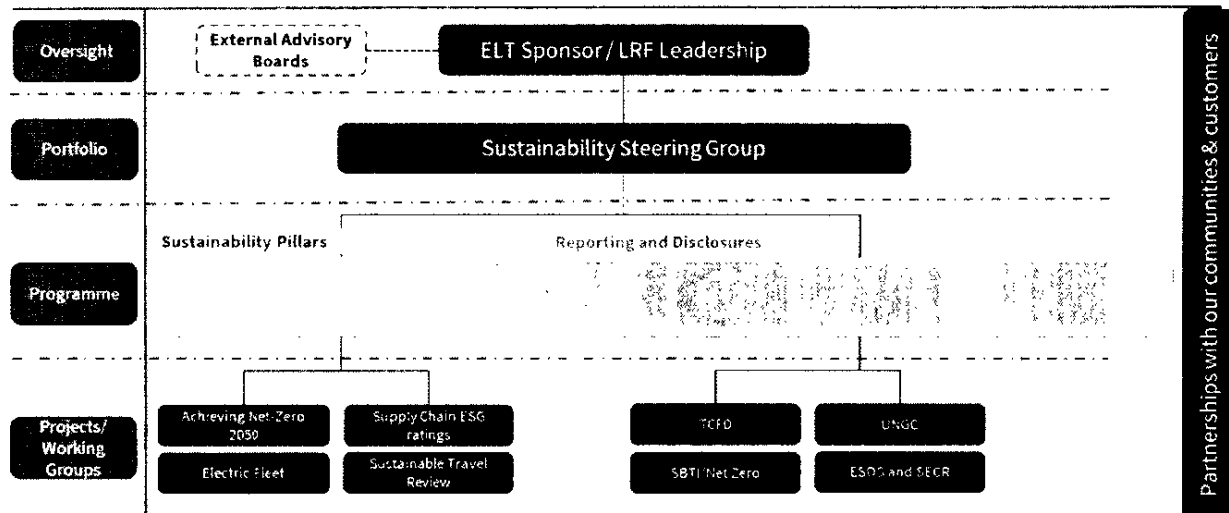
The committee assesses its KPIs against five indicators:

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

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

Strategic Report (continued)

Figure 2: Governance of the Sustainability committee



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

2. Risk Management

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

The main elements of LR's risk management framework for evaluating, categorising and presenting risks are described in the Risk Management section of the strategic report (see page 24).

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

2.1. Identifying and assessing climate-related risks

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

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

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

Strategic Report (continued)

2.2. Taking action to mitigate our climate-related risks

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

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

3. Strategy

3.1. Our Approach

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

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

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

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

3.2. Types of Climate-related Risks

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

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

Transition risks are assembled into the sub-categories of market, reputation, technology, policy and legal risks. Market risks cover changing customer behaviour, ambiguity of market changes and growing costs of raw materials. Reputational risks will occur as customer preferences change and stakeholder concerns about climate-related issues are associated with a potential stigmatisation of a business's sector. Technology risks cover the move to low-carbon technology and include the risks associated with the replacement of existing products and services, the potential of failed investment in new technologies and the overall costs of adjusting to low-carbon operations. Policy and legal risks develop from regulations to mitigate climate change and facilitate the transition

Strategic Report (continued)

to net-zero. For example, regulations associated with a carbon tax for greenhouse gas (GHG) emissions, growing reporting requirements (CFD reporting) and mandates on current products and services, to align them with a low carbon economy.

3.3. Climate Scenario Analysis

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

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

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

3.4. Our Climate-related Risks and Opportunities

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

3.4.1. Climate-Related Transition Risks

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

Area	Climate-related Risk	Impact Description	Control Measures
Policy & Legal	Failure to comply with increasing regulations	Increasing costs to guarantee compliance with new reporting requirements.	Dedicated team in place to ensure compliance with all legal and regulatory requirements.
	Rising spend for carbon pricing	Expected impact is minimal, however a carbon tax on any of our suppliers may increase supply chain costs.	We expect our total CO2 emissions to reduce over time, as we work towards our Net Zero ambitions, we will be undertaking financial modelling of this risk within the next two years.
Market	Rising cost of raw materials	As our business model has no manufacturing operations, the risks of the costs of raw materials are considered	We will conduct a scenario analysis of this risk in the next reporting period.

Strategic Report (continued)

		negligible. However, most of our customers and suppliers are at high risk of being significantly affected by both energy costs and increase in raw material prices.	Since the beginning of the pandemic, we have been meticulously moving towards flexible hybrid working for our employees, where possible, to decrease energy consumption and the costs of operating offices.
	Changing consumer preferences	With the increasing importance of ESG, stakeholder concern for the environment is likely to increase. Failing to transparently communicate our efforts to minimise our environmental impact could result in customers using a different provider and could impact our position in the market.	We have a Head of Environmental Sustainability that facilitates our carbon reduction strategy and other sustainability projects to ensure all our targets, actions and initiatives are communicated internally and externally to our customers and stakeholders. We believe that our engagement in MDH and other decarbonisation activities combined with open communication on our sustainability agenda, can minimise these posed risks. As enablers of industry decarbonisation, we are on a journey to reduce our carbon footprint and are maximising our efforts to match the sustainability expectations of our clients and stakeholders.
Reputation	Increased stakeholder concern for ESG	As the significance of sustainability grows, the attention of stakeholders towards LR's environmental sustainability effects is poised to escalate. Neglecting to effectively convey LR's strategies for minimising its environmental footprint might jeopardise our strong market standing. With increased transparency comes increased scrutiny. Therefore, there is a reputational and credibility risk of not meeting the targets we have publicly and officially committed to.	By communicating our progress against the climate-related financial disclosure through our Annual Report this financial year and producing a standalone climate disclosure report in the next financial year, we believe we can minimise the impact of this risk. To provide significant value to the shipping industry and secure our sustainability credibility we facilitate and support decarbonisation within the maritime sector. Our MDH research and publications are free to access. Our Energy Transition Programme and The Silk Alliance aim to aid the maritime industry transformation.
Technology Risks		Advancements in technology are expected to increase costs to ensure that as leaders of the maritime decarbonisation sector, we are in a position to maintain the pace and keep providing the best-in-class services to our clients.	Our business operations require continuous enhancements in IT tools, which are crucial to the services we offer. Keeping pace necessitates vigilant attention to technological advancements and financial commitments to ensure our digital tools remain up-to-date and cyber-secure. AI and automation are constantly changing our work environment and they are a part of our LRDS Platform, allowing us a more resilient outlook.

Strategic Report (continued)

3.4.2. Climate-Related Physical Risks

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

3.4.3. Climate-Related opportunities

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

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

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

4. Metrics and Targets

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

4.1. Our sustainability performance

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

4.2. Energy and Carbon Reporting

The table below shows the sources of Greenhouse Gas (GHG) emissions and energy usage in the Group's operations. The emissions have been prepared in accordance with ISO14064.

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

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

Strategic Report (continued)

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

GHG scope	Category	Global	
		Total Emissions (tCO ₂ e)	
		12 months to 30th June 2023	12 months to 30th June 2022
Scope 1	Scope 1- Gas, lease car miles	1,081	2,413
Scope 2	Scope 2 - location based electricity consumption	689	3,836
Scope 3	Scope 3 (grey fleet)	1,168	n/a ¹
Total scope 1 and 2		1,770	6,249
Total scope 1 and 2 tCO₂e / £m turnover		3.4	11.0

Quantity of Energy consumed for which the company is responsible	Global	
	Kilowatt Hours kWh	
	12 months to 30th June 2023	12 months to 30th June 2022
Gas	4,735,069	4,463,341
Purchased electricity	8,271,973	13,596,901

Notes:

¹ Due to material acquisitions and divestments it was not possible to identify those emissions solely related to grey fleet for the 12 months to 30 June 2022.


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

We acknowledge that improved data accuracy may lead to adjustments in emissions totals, potentially affecting our baseline figures either positively or negatively. Given the intricate and ever-changing nature of our business, re-baselining has become an integral aspect of our work to ensure our data reflects our current environmental impact accurately.

It is important to note that re-baselining does not render previous efforts useless or incomparable. On the contrary, we approach this process with prudence, recognising that while a new baseline is not created from this point forward, the re-baselining can be retrospectively applied to rectify the base-year data and subsequent years' data.

At LR, we are committed to leveraging the enhanced data quality to advance our Net Zero objectives and drive meaningful change. As we continue to embrace sustainability as a core pillar of our corporate strategy, re-baselining serves as a necessary tool to navigate the complexities of our evolving business landscape.

Authorised by the Board for issue and approved by


 Nicholas Brown (Rev 11/21/2023 11:00 AM)

Nick Brown
Chief Executive Officer
Lloyd's Register Group Limited

14 November 2023

Board of Directors

Directors

Mr T Thune Andersen (Chairman)
Mr N L Brown
Mr R Chen
Mr C G Finlayson (resigned 30 September 2023)
Mrs C B Firstbrook
Mr M V Kelsey
Mr M F Lykiardopulo
Mrs M E Waldner
Ms M M Wyatt (appointed 1 January 2023)

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 and Lloyd's Register Foundation Remuneration Committees. Thomas, a former member of the executive Board of the A.P. Moller-Maersk Group with more than 30 years tenure in its maritime and energy sectors, was appointed to the Board in July 2012.

Thomas is Chairman of Ørsted A/S and of VKR Holding A/S, the Senior Independent Director of IMI plc and a Non-Executive Director BW Group Limited. He is a member of the World Economic Forum Chairmen's Council, Friends of Ocean Action and the Danish Committee on corporate governance.

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 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.

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.

Board of Directors

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. Caroline is 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 a MBA from Bradford University. Mark is a member of the Lloyd's Register Group Limited Audit and Risk Committee and the Remuneration Committee. Since the end of the period under review, he was appointed Chair of the Lloyd's Register Group and Lloyd's Register Foundation Remuneration Committees.

Michael F Lykiardopulo



Michael was appointed Senior Independent Director on 26 May 2016. 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 Association as well as serving as Vice Chairman of The Gard Insurance Mutual and a Director of the UK Freight Demurrage and Defence Association. Michael is a member of the Lloyd's Register Foundation Nominations Committee.

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 of Senior plc. Mary holds an MA in Physics from Oxford University.

Board of Directors

Marina Wyatt



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

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

The results of the evaluation were considered by the Board at its November meeting in 2022. There was general satisfaction with the performance and operation of the Board. In relation to areas identified for development, actions had already been put in place to address these, such as the reporting on strategy execution at each board meeting and the annual review of the risk register. In addition, further opportunities would be sought for the Board to meet with a broad range of LR colleagues.

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 and was carried out by Leadership Advisor Group.

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

Remuneration Committee report for the year ended 30 June 2023

Report scope

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

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, resigned 30 September 2023)
Mr T T Andersen
Mr M Kelsey (appointed 27 July 2022, Chair from 30 September 2023)
Mrs R Martin (representing Lloyd's Register Foundation, resigned 30 September 2023)
Mrs U O'Brien (representing Lloyd's Register Foundation, appointed 30 September 2023)

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 2023 (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.

Directors' Remuneration

	June 2023 £000	June 2022 £000
Emoluments	1,756	1,979
Amounts receivable under long-term incentive schemes	1,563	1,352
Group contribution to defined contribution pension scheme	24	24
	3,343	3,355

	Number 2023	Number 2022
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 £1,548,000 (2022: £1,455,000) which includes £858,000 (2022: £657,000) in respect of a long term incentive plan. He was a member of the Company defined contribution scheme

and £24,000 (2022: £24,000) 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 2023, 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, lump sum death benefits equal to four times base salary, and dependants' pensions.

Remuneration Committee report for the year ended 30 June 2023 (continued)

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 June 2023, 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 2023

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 2023.

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:
Mr R A Henderson (Chair) (resigned 1 January 2023)
Mrs M Wyatt (Chair) (appointed 1 January 2023)
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 outsourced 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 the Group's compliance with various regulatory and

Audit and Risk Committee report for the year ended 30 June 2023 (continued)

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 2023 Report and Consolidated Financial Statements and the Auditor's Report thereon, specifically considering revenue recognition; the OneOcean acquisition; 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 2023 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.
- 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 2023

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 :

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

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

Mr T T Andersen

Mr M Lykiardopulo

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

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

During the year under review, the Committee recommended and approved the appointment of a new Non-Executive Director and Trustee who was also appointed as Chair of the Foundation Audit, Risk and Investment Committee and the Lloyd's Register Group Limited Audit and Risk Committee, the appointment of a new Trustee of the Foundation, the appointment of a new member of the Foundation Audit, Risk and Investment Committee and made recommendations with regard to the re-election of Board members on the expiry of terms of office which were due to expire in the coming year, and the review of the Board Committee memberships, including the consideration of the appointment of a replacement Chair for each of the Remuneration Committee, the Nominations Committee and the Foundation Grants and Direct Charitable Activities Committee, and the appointment of an additional member of each of the Remuneration Committees.

In addition, during the year, the Committee recommended the appointment of a new Non-Executive Director.

Directors' Report

The Directors present their report and audited financial statements for the year ended 30 June 2023.

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 year before exceptional costs was £1.2m (2022: £17.3m). After exceptional costs the consolidated operating loss was £7.7m (2022: £9.0m).

Further commentary on the results for the year 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 (2022: Nil).

Charitable grants and donations

During the year, the Group made a £22.0m donation to Lloyd's Register Foundation, its parent (2022: £7.0m).

The Group made various other charitable grants and donations of £0.1m (2022: £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 year, and subsequently:

Mr T Thune Andersen
Mr N L Brown
Mr R Chen
Mr C G Finlayson (resigned 30 September 2023)
Mrs C B Firstbrook
Mr M V Kelsey
Mr M F Lykiardopulo
Mrs M E Waldner
Mrs M M Wyatt (appointed 1 January 2023)

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

Mr T Thune Andersen served on the Board of Trustees of Lloyd's Register Foundation during the 12 months to 30 June 2023.

Directors' indemnity

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors, which were made during the year 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.

Further information is included within the Chief People Officer's report.

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 2023 the Group approved a £14.4m charitable donation to Lloyd's Register Foundation.

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.

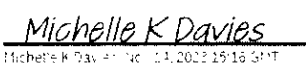
Going concern

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.

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


Michelle K Davies 11.2022 15:16 GMT

Michelle Davies
Company Secretary

Consolidated profit and loss account for the year ended 30 June 2023

		2023	2022	2022	2022
		Total			
		Continuing	Continuing	Discontinued	Total
	Note	£000	£000	£000	£000
Turnover	5	516,793	441,371	127,725	569,096
Cost of sales		(324,414)	(265,061)	(97,150)	(362,211)
Gross profit		192,379	176,310	30,575	206,885
Administrative expenses		(200,065)	(183,853)	(32,028)	(215,881)
Administrative expenses before exceptional costs		(191,165)	(158,817)	(30,802)	(189,619)
Operating profit / (loss) before exceptional costs		1,214	17,493	(227)	17,266
Exceptional costs	8	(8,900)	(25,036)	(1,226)	(26,262)
Operating loss	6	(7,686)	(7,543)	(1,453)	(8,996)
Profit on disposal	14	15,842	—	409,261	409,261
Share of net operating loss of joint ventures		(744)	(480)	—	(480)
Net investment expense	9	(22,992)	(38,158)	—	(38,158)
Other finance income	9	2,163	—	—	—
(Loss) / profit before taxation		(13,417)	(46,181)	407,808	361,627
Tax on (loss) / profit	10	(3,411)	(2,471)	(596)	(3,067)
(Loss) / profit for the financial year		(16,828)	(48,652)	407,212	358,560

Consolidated statement of comprehensive income for the year ended 30 June 2023

	Note	2023	2022
		£000	£000
(Loss) / profit for the financial year		(16,828)	358,560
Currency translation difference on foreign currency net investments		(7,020)	15,881
Re-measurement of net defined benefit liabilities	20	(36,047)	53,935
Tax relating to components of other comprehensive income		11,702	(9,760)
Other comprehensive (loss) / income		(31,365)	60,056
Total comprehensive (loss) / income		(48,193)	418,616
(Loss) / profit for the year attributable to:			
Equity shareholders of the Company		(16,828)	358,560
		(16,828)	358,560
Total comprehensive (loss) / income for the year attributable to:			
Equity shareholders of the Company		(48,193)	418,616
		(48,193)	418,616

Consolidated and Company balance sheets at 30 June 2023

	Note	Group		Company	
		2023	2022	2023	2022
		£000	£000	£000	£000
Non-current assets					
Goodwill	11	318,515	24,548	—	—
Intangible assets	11	26,566	29,847	24,717	28,564
Tangible assets	12	132,150	149,563	116,842	138,385
Investments	13	244,165	286,182	561,700	468,040
Pension surplus	20	137,807	186,971	137,807	186,971
Deferred tax assets	10	11,170	14,756	3,685	3,737
Debtors	16	—	—	106,127	—
Interests in joint ventures: Share of net assets	13	115	116	—	—
		870,488	691,983	950,878	825,697
Current assets					
Debtors	16	211,100	257,321	378,890	360,741
Cash at bank and in hand		144,846	402,639	38,526	261,937
		355,946	659,960	417,416	622,678
Creditors: amounts falling due within one year	17	(221,407)	(203,869)	(832,818)	(750,636)
Net current assets / (liabilities)		134,539	456,091	(415,402)	(127,958)
Total assets less current liabilities		1,005,027	1,148,074	535,476	697,739
Creditors: amounts falling after more than one year					
Provisions for liabilities	18	(49,418)	(86,735)	(23,227)	(49,407)
Net assets excluding pension liability		955,609	1,061,339	512,249	648,332
Pension liability	20	(134,196)	(164,356)	(126,417)	(156,813)
Net assets including pension liability		821,413	896,983	385,832	491,519
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		781,363	856,933	345,782	451,469
Total shareholder's funds		821,413	896,983	385,832	491,519

The loss for the financial year arising in the financial statements of the parent company is £89,058,000 (2022: profit £290,465,000).

The financial statements were approved by the Board of Directors and authorised for issue on 14 November 2023 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 2023

	Called-up share capital £000	Share premium £000	Profit and loss account £000	Total £000
At 1 July 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
Loss for the financial year	—	—	(16,828)	(16,828)
Currency translation difference on foreign currency net investments	—	—	(7,020)	(7,020)
Re-measurement of net defined benefit liabilities	—	—	(36,047)	(36,047)
Tax relating to components of other comprehensive income	—	—	11,702	11,702
Total comprehensive (loss) / income	—	—	(48,193)	(48,193)
Acquisition of non-controlling interest (note 24)	—	—	(5,354)	(5,354)
Donation to Lloyd's Register Foundation	—	—	(22,023)	(22,023)
At 30 June 2023	90	39,960	781,363	821,413

Company statement of changes in equity for the year ended 30 June 2023

	Called-up share capital	Share premium	Profit and loss account	Total
	£000	£000	£000	£000
At 1 July 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
Loss for the financial year	—	—	(89,058)	(89,058)
Foreign currency translation differences	—	—	6,530	6,530
Re-measurement of net defined benefit liabilities	—	—	(35,567)	(35,567)
Tax relating to components of other comprehensive income	—	—	12,408	12,408
Total comprehensive loss	—	—	(105,687)	(105,687)
At 30 June 2023	90	39,960	345,782	385,832

Consolidated cash flow statement for the year ended 30 June 2023

		30 June 2023	30 June 2022
	Note	£000	£000
Net cash inflow / (outflow) from operating activities	23	30,725	(85,115)
Cash flows (used in) / generated by investing activities			
Decrease in long term loans		68	26
Proceeds from sale of investments		186,060	45,374
Proceeds from sale of tangible fixed assets		201	966
Purchase of investments		(154,591)	(291,526)
Purchase of intangible fixed assets		(6,750)	(2,435)
Purchase of tangible fixed assets		(16,046)	(8,527)
Interest paid		(169)	(194)
Interest received		2,357	909
Other investment income		12,386	8,951
Additional investment in existing joint ventures		(547)	(686)
Acquisition of non-controlling interest		(5,354)	—
Acquisition of subsidiaries including debt settled on acquisition (note 11)		(300,082)	—
Acquisition of trade and assets		—	(4,671)
Donation to Lloyd's Register Foundation		(22,023)	(7,000)
Disposal of subsidiaries		18,852	480,704
Cash acquired		9,251	67
Cash disposed		(5,581)	(24,457)
Net cash flows (used in) / generated by investing activities		(281,968)	197,501
		(251,243)	112,386
Net (decrease) / increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year		402,639	296,793
Effect of foreign exchange rate changes		(6,550)	(6,540)
Net (decrease) / increase in cash and cash equivalents		(251,243)	112,386
Cash and cash equivalents at end of year		144,846	402,639

Reconciliation of net cash flow to movements in net funds

	2023	2023	2022	2022
	Cash and cash equivalents	Net funds	Cash and cash equivalents	Net funds
	£000	£000	£000	£000
At 1 July	402,639	402,639	296,793	296,793
Foreign exchange	(6,550)	(6,550)	(6,540)	(6,540)
Cash flow	(251,243)	(251,243)	112,386	112,386
At 30 June	144,846	144,846	402,639	402,639

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 38 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 2023.

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 2023. The comparative period is the year to 30 June 2022. 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, headings 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 20 years. It is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

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

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

- 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 fittings and equipment	8 years
Computer equipment	5 years
Plant and machinery	5 to 20 years
Freehold buildings	5 to 40 years
Leasehold improvements	length of the lease

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

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 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.

Notes to the financial statements (continued)

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 year are translated at the appropriate rates prevailing during the year, 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.

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

Notes to the financial statements (continued)

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 year, 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 2023, the Group has recognised £53,206,000 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 £318,515,000.

Goodwill useful economic life

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

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.

Notes to the financial statements (continued)

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.

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 2023, the Company's investments in subsidiary undertakings had a carrying amount of £319,327,000.

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 2023, the Company's intercompany debtors had a carrying value of £475,073,000. 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	
	30 June	30 June
	2023	2022
	£000	£000
Turnover by class of business		
Marine and Offshore **	396,278	364,297
Digital Solutions **	73,299	18,140
Professional Services **	47,216	41,780
Industrial Digital Products ***	—	17,154
Business Assurance and Inspection Services *	—	127,725
	516,793	569,096

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

** During the year the Group acquired One Ocean and established a new business line, Digital Solutions. The Maritime Performance Services business line previously reported has been restated to either Digital Solutions or the separately managed Professional Services business line. The stream performance is more fully described on page 9.

*** Disposed of during the year as described in note 14.

Notes to the financial statements (continued)

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

	Group	
	30 June	30 June
	2023	2022
	£000	£000
Revenue by category		
Rendering of services	516,793	569,096
Income from quoted securities (note 9)	8,801	3,917
Interest receivable on loans and deposits (note 9)	2,357	909
Rental income from investment property (note 9)	3,585	5,034
	531,536	578,956

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

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

	Group	
	30 June	30 June
	2023	2022
	£000	£000
Staff costs (note 7)	302,517	349,157
Amortisation of goodwill (note 11)*	15,818	5,586
Amortisation of intangible fixed assets (note 11)*	6,327	8,272
Depreciation of tangible fixed assets (note 12)	5,547	6,788
(Credit) / charge for bad and doubtful debts*	(1,545)	5,162
Research and development costs	7,168	12,534
Operating lease rentals	19,418	23,964
Foreign exchange (gain) / loss	(954)	652
Loss on disposal of fixed assets	2,906	600

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

	Group	
	30 June	30 June
	2023	2022
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the parent Company and consolidated financial statements	700	712
Fees payable to the Company's auditor and its associates for other services:		
Audit of the Company's subsidiaries	1,129	1,035
Tax services	18	24
Other services	311	403
	2,158	2,174

7. Staff costs

	Group		Company	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	£000	£000	£000	£000
Wages and salaries	251,552	288,559	15,645	20,790
Social security costs	26,517	30,803	1,382	1,550
Other pension costs (note 20):				
• Other pension costs excluding curtailments and settlement costs	25,125	29,492	1,038	2,856
• Curtailment (gains) / losses	(677)	303	(677)	303
	302,517	349,157	17,388	25,499

Other pension costs 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, £7.4m (2022: £5.2m) of redundancy costs have been incurred (note 8).

Notes to the financial statements (continued)

Average number of employees for the year:

	30 June 2023 Number	30 June 2022 Number
Marine and Offshore	2,241	2,159
Digital Solutions***	427	220
Professional Services***	243	208
Industrial Digital Products **	—	118
Business Assurance and Inspections Services *	—	1,084
Administrative and support	758	831
	3,669	4,620

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

** The Industrial Digital Products business line was disposed of during the year as described in note 14.

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

	Group	
Directors' remuneration	30 June 2023 £000	30 June 2022 £000
Emoluments	1,756	1,979
Amounts receivable under long-term incentive schemes	1,563	1,352
Group contribution to defined contribution pension scheme	24	24
	3,343	3,355
	Number 30 June 2023	Number 30 June 2022
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 £1,548,000 (2022: £1,455,000) which includes £858,000 (2022: £657,000) of long term incentive plans. He was a member of the Company defined contribution pension scheme and £24,000 (2022: £24,000) 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 income / costs related to:

Current year:

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

Prior year:

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

9. Net investment income and other finance costs

Net investment expense

	Group	
	30 June	30 June
	2023	2022
	£000	£000
Investment loss	(22,823)	(37,964)
Less: interest payable and similar charges	(169)	(194)
Net investment expense	(22,992)	(38,158)

Investment loss

	Group	
	30 June	30 June
	2023	2022
	£000	£000
Net loss on disposal of investments	(32,242)	(2,626)
Interest receivable on loans and deposits	2,357	909
Fair value gains / (losses) on financial assets measured at fair value through profit and loss	21,762	(26,099)
Income from quoted securities	8,801	3,917
Fair value losses on investment property measured at fair value through profit and loss	(27,086)	(19,099)
Income from investment property	3,585	5,034
	(22,823)	(37,964)

Interest payable and similar charges

	Group	
	30 June	30 June
	2023	2022
	£000	£000
	(169)	(193)
	(169)	(193)

Other finance income

	Group	
	30 June	30 June
	2023	2022
	£000	£000
Unwinding of discount	(361)	—
Net interest on defined benefit liability (note 20)	2,524	—
	2,163	—

Notes to the financial statements (continued)

10. Taxation

	Group	
	30 June	30 June
	2023	2022
	£000	£000
Current tax on (loss) / profit		
UK corporation tax	—	54
Double tax relief	—	—
	—	54
Foreign tax	15,531	11,322
	15,531	11,376
Adjustment in respect of prior periods		
• UK corporation tax	2	5
• Foreign tax	(2,096)	(264)
Total current tax	13,437	11,117
Deferred tax		
Origination and reversal of timing differences	(12,341)	(7,746)
Adjustments in respect of previous periods	2,315	(304)
Total deferred tax	(10,026)	(8,050)
Total tax on (loss) / profit	3,411	3,067

The standard rate of tax applied to the reported profit is 20.5% (2022: 19%).

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

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

During the year beginning 1 July 2023, the net reversal of deferred tax assets and liabilities is expected to increase the corporate tax charge for the year by £2.1 million (2022: £5.0 million). This is due to the reversal of timing differences expected within the next 12 months.

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 (loss) / profit before tax are as follows:

	Group	
	2023	2022
	£000	£000
Group (loss) / profit before taxation	(13,417)	361,627
(Loss) / profit multiplied by the average standard rate of United Kingdom corporation tax of: 20.5% (2022: 19%)	(2,750)	68,709
Effects of:		
• Tax exempt profits	(2,825)	(2,009)
• Overseas rate differences	310	932
• Tax rate changes differences	(1,664)	(2,145)
• Goodwill amortisation not deductible for tax purposes	3,219	1,031
• (Income not taxable) / expenses not deductible for tax purposes	670	6,893
• Brought forward unprovided timing differences now recognised in period	(472)	(316)
• Impact of UK qualifying corporate donations	(4,187)	(2,016)
• Current period unprovided timing differences	4,951	4,159
• Fair value loss on investment property not subject to tax	5,553	3,629
• Disposal of subsidiary undertakings including tax cost	(3,645)	(78,226)
• Other taxes	4,030	2,989
• Adjustments in respect of previous periods	221	(563)
Group tax charge for year	3,411	3,067

Deferred tax liabilities / (assets)

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Liabilities at 1 July	20,334	9,871	28,380	26,196
Arising in the period	(23,261)	943	(21,487)	1,810
Disposal of business	495	9,321	—	—
Foreign exchange differences	644	199	33	374
(Assets) / liabilities at 30 June	(1,788)	20,334	6,926	28,380
Deferred tax asset	(11,170)	(14,756)	(3,685)	(3,737)
Deferred tax liability (note 18)	9,382	35,090	10,611	32,117
	(1,788)	20,334	6,926	28,380

Deferred tax is recognised as follows:

Accelerated capital allowances	4,044	3,022	4,229	4,077
Deferred tax arising in relation to retirement benefit obligations	25,036	37,511	27,655	39,801
Tax losses	(29,855)	(19,365)	(24,981)	(14,417)
Tax on disposal of business	1,064	4,063	—	—
Other timing differences	(2,077)	(4,897)	23	(1,081)
	(1,788)	20,334	6,926	28,380

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

11. Intangible fixed assets

	Group		Company	
	Goodwill	Software	Goodwill	Software
	£000	£000	£000	£000
Cost:				
At 1 July 2022	54,102	70,329	7,145	54,151
Additions	311,884	6,750	—	4,813
Disposal	—	(18,363)	—	(2,500)
Exchange adjustment	(2,479)	—	—	—
At 30 June 2023	363,507	58,716	7,145	56,464
Amortisation:				
At 1 July 2022	29,554	40,482	7,145	25,587
Charged during the year	15,818	6,327	—	6,160
Disposal	—	(14,659)	—	—
Exchange adjustment	(380)	—	—	—
At 30 June 2023	44,992	32,150	7,145	31,747
Net book value:				
At 30 June 2023	318,515	26,566	—	24,717
At 30 June 2022	24,548	29,847	—	28,564

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

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

Notes to the financial statements (continued)

Acquisitions

OneOcean

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

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

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

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

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

IT Energy Systems and Consulting Limited

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

Notes to the 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 2022	121,837	28,381	15,029	34,893	2,513	49,049	1,687	253,389
Additions	—	7,050	4,519	726	496	3,093	162	16,046
Acquisition of business	—	—	—	618	—	—	—	618
Transfers	(3,570)	3,570	—	—	—	—	—	—
Revaluations	(27,086)	—	—	—	—	—	—	(27,086)
Disposals	—	—	(1,405)	(1,389)	(2)	(922)	(744)	(4,462)
Exchange differences	—	—	(209)	(237)	(7)	(367)	(57)	(877)
At 30 June 2023	91,181	39,001	17,934	34,611	3,000	50,853	1,048	237,628

Depreciation:

At 1 July 2022	—	15,278	9,951	29,484	1,433	46,323	1,357	103,826
Charged in year	—	546	1,043	1,799	313	1,738	108	5,547
Disposals	—	—	(1,097)	(1,174)	(2)	(381)	(744)	(3,398)
Exchange differences	—	—	(197)	(57)	(7)	(219)	(17)	(497)
At 30 June 2023	—	15,824	9,700	30,052	1,737	47,461	704	105,478

Net book value:

At 30 June 2023	91,181	23,177	8,234	4,559	1,263	3,392	344	132,150
At 30 June 2022	121,837	13,103	5,078	5,409	1,080	2,726	330	149,563

*77% (2022: 79%) of the mixed used property is classified as an investment property.

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 2022	121,837	28,381	1,014	15,683	29	22,455	189,399
Additions	—	7,050	—	164	—	76	7,290
Transfers	(3,570)	3,570	—	—	—	—	—
Revaluations	(27,086)	—	—	—	—	—	(27,086)
Disposals	—	—	—	(48)	—	(24)	(72)
Exchange differences	—	—	—	(27)	—	(18)	(45)
At 30 June 2023	91,181	39,001	1,014	15,772	29	22,489	169,486

Depreciation:

At 1 July 2022	—	15,278	824	12,479	5	22,428	51,014
Charged in year	—	546	—	1,154	—	20	1,720
Disposals	—	—	—	(48)	—	(20)	(68)
Exchange differences	—	—	—	(10)	—	(12)	(22)
At 30 June 2023	—	15,824	824	13,575	5	22,416	52,644

Net book value:

At 30 June 2023	91,181	23,177	190	2,197	24	73	116,842
At 30 June 2022	121,837	13,103	190	3,204	24	27	138,385

*77% (2022: 79%) of the mixed used property is classified as an investment property. Land and buildings includes freehold property in the United Kingdom with a net book value of £22,360,000 (2022: £12,344,000) and estimated market value of £23,074,000 (2022: £37,500,000).

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 77% (2022: 79%) is deemed an investment property, based on the value of space let or marketed to third party tenants. The transfer of part of the property from investment property to own use resulted in a transfer of £3,570,000 representing the previous carrying value. The property valuation, with an effective date of 30 June 2023, was carried out on a market value basis by a surveyor holding a qualification from the Royal Institution of Chartered Surveyors who has recent experience in the location and class of investment property valued. If the investment property had not been revalued it would have been included at £19,996,000 (2022: £25,642,000).

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

As set out in note 9, rental income from investment properties for the 12 months ended 30 June 2023 was £3,585,000 (2022: £5,034,000).

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

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

13. Investments

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Investments in subsidiaries	—	—	319,327	181,760
Listed investments and cash held by investment managers (note 15)	242,242	286,080	242,242	286,080
Unlisted investments	1,889	—	—	—
Long-term loans	34	102	31	100
Investments in joint ventures: cost	—	—	100	100
	244,165	286,182	561,700	468,040
Investments in joint ventures: share of net assets	115	116	—	—
	244,280	286,298	561,700	468,040

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
Ensign Holdco 1 Limited	United Kingdom	Marine safety and environmental solutions

The carrying value of the Company's investments in subsidiaries is stated net of impairments of £97,871,000 (2022: £42,860,000).

	Cost	Accumulated impairments	Carrying value
	£000	£000	£000
At 1 July 2022	224,620	(42,860)	181,760
Additions	192,578	—	192,578
Impairment	—	(55,011)	(55,011)
At 30 June 2023	417,198	(97,871)	319,327

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	
	2023	2022	2023	2022
	£000	£000	£000	£000
Lloyd's Maritime Information Services Limited	115	116	100	100
Common Structural Rules Software LLC	—	—	—	—
	115	116	100	100

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

Notes to the financial statements (continued)

14. Sale of subsidiary undertaking

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

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

The trade and net assets relating to the AllAssets product line was disposed of in a separate transaction in September 2022.

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

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

Notes to the financial statements (continued)

15. Listed investments and cash held by investment managers

	Group and Company			
	United Kingdom			
Carrying value:	Bonds	Equities	Cash	Total
	£000	£000	£000	£000
At 1 July 2022	88,393	169,545	28,142	286,080
Additions	56,372	96,330	—	152,702
Disposals	(60,113)	(135,069)	(23,120)	(218,302)
Revaluation	12,163	9,604	(5)	21,762
At 30 June 2023	96,815	140,410	5,017	242,242

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

16. Debtors

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Trade debtors	124,290	131,204	4,432	766
Amounts owed by Lloyd's Register Foundation	1,002	2,587	82	191
Amounts owed by Group undertakings	—	—	475,073	325,076
Other debtors	6,673	41,339	2,453	33,729
Prepayments and accrued income	70,000	67,915	2,977	979
Taxation recoverable	9,135	14,276	—	—
	211,100	257,321	485,017	360,741

Amounts owed by group undertakings includes £106,127,000 receivable after more than one year. Total debtors are disclosed on the balance sheet as:

Amounts falling due within one year	211,100	257,321	378,890	360,741
Amounts falling due after one year	—	—	106,127	—
	211,100	257,321	485,017	360,741

17. Creditors: amounts falling due within one year

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Trade creditors	36,807	22,624	5,312	20,662
Amounts owed to Group undertakings	—	—	818,026	718,642
Other creditors	4,560	4,344	516	388
Corporation tax	15,204	23,079	—	1,240
Other taxation and social security	7,518	1,948	57	20
Accruals and deferred income	157,318	151,874	8,907	9,684
	221,407	203,869	832,818	750,636

Notes to the financial statements (continued)

18. Provisions for liabilities

Group	Legal claims £000	Employee related £000	Onerous lease £000	Deferred tax £000	Other £000	Total £000
At 1 July 2022	1,964	16,498	17,396	35,090	15,787	86,735
Exchange revaluation	(2)	(155)	—	(16)	(72)	(245)
(Credited) / charged to profit and loss account	(1,085)	5,385	111	(13,779)	666	(8,702)
Credited to other comprehensive income	—	—	—	(12,408)	—	(12,408)
Utilisation of provision	—	(9,464)	(2,508)	—	(4,846)	(16,818)
Acquisition	—	—	—	495	—	495
Unwinding of discount	—	—	361	—	—	361
At 30 June 2023	877	12,264	15,360	9,382	11,535	49,418

Company	Deferred tax £000	Legal claims £000	Employee related £000	Other £000	Total £000
At 1 July 2022	32,117	784	9,574	6,932	49,407
Exchange revaluation	—	—	(2)	2	—
(Credited) / charged to profit and loss account	(9,098)	(315)	156	33	(9,224)
Credited to other comprehensive income	(12,408)	—	—	—	(12,408)
Utilisation of provision	—	—	(1,348)	(3,200)	(4,548)
At 30 June 2023	10,611	469	8,380	3,767	23,227

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

Employee related: Provision is made for redundancy and relocation costs with respect to the restructuring programmes in addition to certain employee benefits, including £0.5m (2022: £1.2m) relating to the settlement of Netherlands pension obligations, and repatriation of expatriate workers and other employment related costs. Settlement of these provisions is expected within two years.

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

Onerous lease: Provision is made for the future anticipated rent expense and related costs of leasehold property (net of estimated sublease income) where the space is vacant or currently not planned to be used for ongoing operations. Settlement of these provisions is expected within 10 years.

Other: Included in this category are provisions maintained to meet contractual obligations to perform restoration on leasehold properties on exit. In addition, provision is made for losses on long-term contracts, expected liabilities on self-insurance programmes, a share of net liabilities of joint ventures and other project related costs. With the exception of a small number of leasehold properties, settlement of these provisions is expected within 9 years.

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 2023	30 June 2022
	£000	£000
Financial assets		
Investments in listed investments (note 15)	237,225	257,938

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 2022. This showed that the funding position of the scheme had improved from the previous valuation, a funding surplus of £23m on a technical provisions basis (31 March 2019: a shortfall of £17m). As a result of the surplus, no recovery contributions are required from the Company (2022: no recovery contributions, however a £12.0m payment was made when a participating employer was removed from a multi-employer scheme as part of the BAIS business disposal). In addition, contributions of £1.3m (2022: £1.5m) were made to fund administration expenses of the scheme.

Other long-term employee benefits

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

- USA: provision of medical insurance for retired employees subject to age qualification restrictions. This benefit is unfunded with an obligation at 30 June 2023 of £1.0m (2022: £1.1m).
- Korea: provision of a statutory lump sum payable to qualifying employees on leaving service. This is a funded benefit with an obligation at 30 June 2023 of £9.3m (2022: £9.8m), assets of £3.7m (2022: £3.9m) a net obligation of £5.6m (2022: £5.9m).
- UK: the UK has other benefits schemes. These benefits are unfunded with an obligation at 30 June 2023 of £6.1m (2022: £7.3m).

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

Long-term unfunded employee benefits included within provisions are:

- UK: £7.9m (2022: £9.1m) in respect of the Executive Directors and Executive Leadership team participation in a Long Term Incentive Plan described in more detail in the Remuneration Committee report on page 42.
- Australia: £1.5m (2022: £1.7m) 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 2023.

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

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

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

(1) Main United Kingdom funded scheme.

(2) Japanese unfunded liability.

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

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

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

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

The most significant contribution to the Group pension liability is from the United Kingdom. The base mortality table for the UK and the weightings applied to it are unchanged from the last financial reporting period and in line with the best estimate assumption derived as part of the assumption setting process for the latest completed statutory funding valuation. The future mortality improvement model has been updated since the last financial reporting period to reflect the latest analysis from the Continuous Mortality Investigation (CMI). The UK mortality assumption adopted for the 30 June 2023 accounts is the self-administered pension schemes (SAPS) "S3NA" tables with a 100% (102%) weighting for males (females) and future long term improvements based on the CMI 2022 model with a long-term improvement rate of 1.25% p.a., a smoothing parameter of 7, an initial addition parameter of nil with no weighting placed on mortality experience data in 2020 and 2021.

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

Notes to the financial statements (continued)

Amounts recognised in the consolidated balance sheet:

	United Kingdom		Japan		Eurozone		Rest of the World		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Cash and cash equivalents	35.5	36.1	—	—	—	—	1.2	1.1	36.7	37.2
Equity instruments	—	—	—	—	2.4	2.3	18.5	19.3	20.9	21.6
Debt instruments	699.8	877.3	—	—	2.8	2.8	36.2	38.1	738.8	918.2
Other	—	—	—	—	10.7	11.7	7.0	8.1	17.7	19.8
Market value of assets	735.3	913.4	—	—	15.9	16.8	62.9	66.6	814.1	996.8
Present value of scheme liabilities	(611.9)	(740.7)	—	—	(16.7)	(17.0)	(55.8)	(59.5)	(684.4)	(817.2)
	123.4	172.7	—	—	(0.8)	(0.2)	7.1	7.1	129.7	179.6
Present value of unfunded liabilities	(6.1)	(7.3)	(28.3)	(34.3)	(35.5)	(36.8)	(56.2)	(78.6)	(126.1)	(157.0)
Net pension asset / (liability)	117.3	165.4	(28.3)	(34.3)	(36.3)	(37.0)	(49.1)	(71.5)	3.6	22.6

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

	30 June 2023	30 June 2022
	£m	£m
Pension surplus	137.8	187.0
Pension liability	(134.2)	(164.4)
Net pension asset	3.6	22.6

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	
	2023	2022	2023	2022	2023	2022
	£m	£m	£m	£m	£m	£m
Net pension assets	3.7	3.9	29.8	33.0	33.5	36.9
Net pension liabilities	(9.3)	(9.8)	(32.0)	(34.7)	(41.3)	(44.5)
	(5.6)	(5.9)	(2.2)	(1.7)	(7.8)	(7.6)

Notes to the financial statements (continued)

Amounts recognised in the Consolidated Profit and Loss Account:

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

Interest cost on schemes' liabilities	35.5	22.8
Interest income on schemes' assets	(38.0)	(22.8)
Total amount included under Other finance income (note 9)	(2.5)	—

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

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

Amounts recognised in the Consolidated Statement of Comprehensive Income:

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

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

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

Notes to the financial statements (continued)

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

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

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

	Group		Company	
	2023	2022	2023	2022
	£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 June 2017, 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 subsequently amended the terms of the Deed of Gift with possible extension to 2034 and adjusted the obligation to £100m (2022: £125m).

22. Contingent liabilities, capital and financial commitments

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

Notes to the financial statements (continued)

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 £43.2 million (2022: £51.8 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	
	2023	2022	2023	2022
	£000	£000	£000	£000
Group				
Within one year	10,123	8,233	3,681	3,744
Between two to five years	22,501	22,103	4,696	5,154
After five years	16,012	15,122	—	—
	48,636	45,458	8,377	8,898
	Land and buildings		Other	
	2023	2022	2023	2022
	£000	£000	£000	£000
Company				
Within one year	117	124	—	—
Between two to five years	147	—	—	—
	264	124	—	—

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

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

23. Reconciliation of operating loss to cash generated by operations

	30 June 2023	30 June 2022
	£000	£000
Operating loss	(7,686)	(8,996)
Loss on disposal of fixed assets	2,906	600
Exchange adjustment	(6,910)	17,018
Depreciation	5,547	6,788
Amortisation and impairment charges relating to intangibles	22,145	13,858
Decrease / (increase) in debtors	54,400	(96,002)
(Decrease) / Increase in creditors	(4,999)	12,765
Decrease in provisions	(11,719)	(3,635)
Foreign tax paid	(15,412)	(13,010)
Tax received	872	3,025
Defined benefit pension contributions in excess of fund charges	(7,742)	(17,829)
Curtailment (gains) / losses	(677)	303
Cash inflow / (outflow) from operations	30,725	(85,115)

Notes to the financial statements (continued)

Cash at bank and in hand includes cash held in local bank accounts in countries where exchange controls or other legal restrictions mean the balances are not available for general use by the Company or other Group subsidiaries. In total, £15.7m (2022: £12.2m) of cash was held by overseas entities which cannot be remitted to other Group entities. In addition to these balances, the immediate movement of cash assets held by other Group entities is subject to compliance with local regulation and legal restrictions; however the Group does not consider this cash unavailable for use by the Group. Countries where such restrictions exist and significant cash balances are held are China £7.0m (2022: £33.3m) due to exchange controls and Korea £19.6m (2022: £23.5m) where remittance is permitted following external audit.

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 2023 totalled £9,325,000 (30 June 2022: £8,920,000). Certain details of the remuneration of the Executive Directors and Executive Leadership Team are included within the Remuneration Committee report.

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 2023:

	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 2023
	£000	£000	£000
Subsidiaries			
Lloyd's Register Middle East LLC Abu Dhabi	1,461	(681)	(3,195)
Lloyd's Register Oman LLC	267	(366)	1,119
Lloyd's Register Qatar LLC	412	(165)	1,383
Lloyd's Register Services (Malaysia) Sdn. Bhd	146	(49)	(185)
Lloyd's Register Algeria SARL	2	(3)	(2)

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

Notes to the financial statements (continued)

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

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

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

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 2023:

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

In the year to 30 June 2022:

- A £1,120,000 grant was awarded to Lloyd's Register Group Limited from its parent Lloyd's Register Foundation to support decarbonisation in the marine sector. £nil remained outstanding as at 30 June 2022.
- A £800,000 grant was awarded to the SafetyTech Accelerator Programme. £nil remained outstanding as at 30 June 2022.

In addition to the grants provided, a further £0.9m may become receivable over the following eight years, with the majority receivable within the following year. 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 loss for the year ended 30 June 2023 arising in the financial statements of the parent company is £89,058,000 (2022: profit of £290,465,000). 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 loss of £89,058,000 includes central management costs, impairment of investment in 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 2023. All subsidiaries are consolidated. Details are given of the principal country of operation. The equity share capital of these entities is wholly owned by the Group except where its percentage interest is shown otherwise. All companies are incorporated in their principal country of operation except where stated.

There are five entities included in the below list where the Group owns less than 50% of the subsidiary. All of these entities are incorporated in countries where local legislation requires local nationals to hold at least

Notes to the financial statements (continued)

50% of the issued share capital of each company. For each of these entities, arrangements exist which afford the Group control of the company's financial and operating policies so as to obtain benefit from its activities.

Company	Country of Origin	Registered Address	% of Ownership
Classification and Quality Services Ltd	UK	71 Fenchurch Street, London, England, EC3M 4BS	100
Classification Holdings Ltd	UK		100
Lloyd's Maritime Information Services Ltd	UK		50
Lloyd's Register Asia ¹	UK		100
Lloyd's Register Asia Trustees Limited ¹	UK		100
Lloyd's Register Central and South America Ltd ¹	UK		100
Lloyd's Register EMEA ¹	UK		100
Lloyd's Register EMEA Trustees Ltd ¹	UK		100
Lloyd's Register GMT Ltd	UK		100
Lloyd's Register Group Services Limited ¹	UK		100
Lloyd's Register International ¹	UK		100
Lloyd's Register Limited	UK		100
Lloyd's Register Nominee 1 Ltd	UK		100
Lloyd's Register Nominee 2 Ltd	UK		100
Lloyd's Register of Shipping Trust Corporation Limited	UK		100
Lloyd's Register Trust Corporation Limited	UK		100
Lloyd's Register Superannuation Trustees Ltd	UK		100
Seasafe Marine Software & Computation (UK) Ltd	UK		100
Lloyd's Register Marine Limited ¹	UK		100
Safetytech Accelerator Limited ¹	UK		100
Green Steam Holdings Limited	UK		100
Greensteam Vessel Optimisation (UK) Limited	UK		100
Lloyd's Register Maritime Decarbonisation Hub Limited ¹	UK		100
IT Energy Systems and Consulting Limited	UK		100
Ensign Holdco 1 Limited	UK		100
Ensign Holdco 2 Limited	UK		100
Ensign Holdco 3 Limited	UK		100
Ensign Holdco 4 Limited	UK		100
OneOcean Group Limited	UK		100
Regs4Ships Limited	UK		100
Regs4Yachts Limited	UK		100
ChartCo Limited	UK		100
Shipping Guides Limited	UK		100
Lloyd's Register Finance Limited	UK	Kingswells Causeway, Prime Four Business Park, Kingswells, Aberdeen, Scotland, AB15 8PU	100
LR 1760 (1) Limited ¹	UK		100
Interactive Petrophysics Limited	UK		100
LR 1760 (2) Limited	UK	Kingswells Causeway, Prime Four Business Park, Kingswells, Aberdeen, Scotland, AB15 8PU	100
Lloyd's Register Aligned Services Limited	UK		100
71FS Insurance Company Limited ¹	GUERNSEY		100
Lloyd's Register Algeria SARL	ALGERIA	Business Center Tower - Algeria Business Center - 11e Etage, Pins maritimes, Mohammadia, Algiers, Algeria	49

Notes to the financial statements (continued)

Company	Country of Origin	Registered Address	% of Ownership
Lloyd's Register Bangladesh Pvt Ltd	BANGLADESH	11 th Floor, 9 Mohakhali C/A, Dkaka – 1212, Dhaka, Bangladesh	100
Lloyd's Register Drilling Integrity Services Australia Pty Ltd	AUSTRALIA	Level 1, 503 Murray Street, Perth WA 6000, Australia	100
Lloyd's Register Belgie vzw ¹	BELGIUM	Rijnkaai 37, 20000 Antwerp, Belgium	100
Lloyd's Register Maritiem België BV	BELGIUM	Jan van Gentstraat 7 bus 202, 2000 Antwerpen, Belgium	100
Lloyd's Register Do Brasil Ltda	BRAZIL	Rua da Gloria, 311-11, Andar, Rio de Janeiro, RJ, 20.241.180, Brazil	100
Lloyd's Register Canada Limited	CANADA	5575 North Service Road suite 402 Burlington, ON L7L 6M1, Canada	100
MARTEC Limited	CANADA	237 Brownlow Avenue, Suite 200, Dartmouth, B3B 2C7, NS, Canada	100
OneOcean (Canada) Inc	CANADA	1600-555 boul, René-Lévesque oust, Montréal Québec H2Z1B1, Canada	100
11146726 Canada Inc	CANADA	1600-555 boul, René-Lévesque oust, Montréal Québec H2Z1B1, Canada	100
Lloyd's Register Classification Society (China) Co Ltd	CHINA	19 th Floor, 550 Yan An dong Road, Huangpu District, Shanghai, China	100
Lloyd's Register Advisory Services China (Shanghai) Co Ltd	CHINA	Room 1906, No.550 Yan'an East Road, Huangpu District, Shanghai, China	100
Lloyd's Register Central and South America (Curaçao) NV	CURAÇAO	Alablancaweg No. 30 Wilhelminalaan 13, Curaçao	100
Green Steam Vessel Optimisation Denmark ApS	DENMARK	c/o Lloyds Register, Strandvejen 104, 1 Hellerup, 2900, Denmark	100
Lloyd's Register Egypt LLC	EGYPT	Apartment no 303-3 rd Floor, 13 Ramo Gardens Street – EL Nasr Road, Nasr City, Cairo, Egypt	100
Hanseaticsoft GmbH	GERMANY	Frankenstraße 29, 20097 Hamburg, Germany	100
Lloyd's Register Marine Deutschland GmbH	GERMANY	Überseeallee 10, Hamburg, 20457, Germany	100
Hellenic Lloyd's SA	GREECE	348 Syggrou Avenue, Kallithea, Athens, 17674, Greece	100
Lloyd's Register Guyana Inc	GUYANA	Unit 1, Upper Level, 127 Quamina Street, South Cummingsburg, Georgetown, Guyana	100
Lloyd's Register Advisory (Hong Kong) Co., Ltd	HONG KONG	RMS 5304-5305, 53/F Hopewell CTR 183 Queen's road East Wan Chai, Hong Kong	100
Lloyd's Register Italia S.R.L. ¹	ITALY	Via Sottoripa 1A/112, 16124 Genova GE, Italy	100
Lloyd's Register Industrial Services (India) Pvt Ltd ¹	INDIA	63-64 Kalpataru Square, 6 th Floor, Kondivita Lane, Off Andheri-Kurla Road, Andheri (E), Mumbai, 400 059, India	51

Notes to the financial statements (continued)

Company	Country of Origin	Registered Address	% of Ownership
Lloyd's Register Marine and Offshore Services (India) LLP	INDIA	63-64 Kalpataru Square, 6 th Floor, Kondivita Lane, Off Andheri-Kurla Road, Andheri (E), Mumbai, 400 059, India	100
OneOcean KK	JAPAN	1-1-1 Ebisu Minami, Shibuya-ku, Tokyo 150-0022, Japan	100
Lloyd's Register Kazakhstan LLP	KAZAKHSTAN	29/6 Satpayev Street, Floor, Rakhat Palace Hotel, Almaty, Kazakhstan	100
Lloyd's Register Advisory Services (Korea) Ltd	KOREA	CJ Logistics Bldg., Joongang-dong 6-ga) 10F, 119, Daegyo-ro, Jung-gu, Busan	100
Lloyd's Register of Shipping (Malaysia) Bhd ¹	MALAYSIA	Level 18, 18-102 Equatorial Plaza, Jalan Sultan Ismail, Kuala Lumpur 50250, Malaysia	100
Lloyd's Register Services (Malaysia) Sdn. Bhd ¹	MALAYSIA	Level 18, 18-102 Equatorial Plaza, Jalan Sultan Ismail, Kuala Lumpur 50250, Malaysia	49
OneOcean (Malaysia) Sdn Bhd	MALAYSIA	Damansara Intan, Unit 736, 7 th Floor, Block A, No. 1, Jalan SS20/27, 47400 Petaling Jaya Selangor, Malaysia	100
Lloyd's Register Mozambique Lda	MOZAMBIQUE	1 Bairro da Polana, Av. Marginal Tenente Ovaldo Tazama Torres Rani Torre 1, 2 Piso, 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
OneOcean (Nederland) BV	NETHERLANDS	Parmentierplan 20, 3088 GN Rotterdam, The Netherlands	100
Lloyd's Register EMEA (Nigeria) Ltd Gte	NIGERIA	6th Floor, B Wing, Shippers Plaza, 4 Park Lane, Apapa, Lagos, Nigeria	100
Lloyd's Register West Africa Ltd	NIGERIA	The Pro Space Centre, 18 Olu Holloway Road, Ikoyi, Lagos, Nigeria	100
Lloyd's Register Voyage AS	NORWAY	Elganeveien 1, 4370 Egersund, Norway	100
OneOcean (Norway) AS	NORWAY	Tullins Gate 2, 0177, Oslo, Norway	100
Lloyd's Register Oman LLC	OMAN	Bait Al Bahja, Building No 603, Room 21, Way No 2710, Ruwi CBD, Muscat, Sultanate of Oman	70
Lloyd's Register Pakistan (Private) Limited	PAKISTAN	BRR Towers, 14th and 15th Floor, 11 Chundrigar Road, Karachi, Sindh, 74400, Pakistan	100
Lloyd's Register Marine Polska Sp Zoo	POLAND	Al. Zwyciestwa 13a, 80-219, Gdansk, Poland	100
Vesopt Poland Sp Zoo	POLAND	Rondo Organizacji Narodow Zjednoczonych, 1, Xxv P., Warszawa, 00-124, Warszawa, Polska	100

Notes to the financial statements (continued)

Company	Country of Origin	Registered Address	% of Ownership
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
Marine Press Asia Pacific Pte Ltd	SINGAPORE	8 Eu Tong Sen Street, #14-94, The Central, Singapore 059818	100
OneOcean Maritime Solutions Pte Limited	SINGAPORE	896 Duneam Road, #03-05, Singapore 589472	100
OneOcean AB	SWEDEN	Vallenvägen 9, 444 60 Stora Höga, Sweden	100
Lloyd's Register Marine Taiwan Ltd	TAIWAN	14F., No 137, Sec. 2, Nanjing E. Road. Zhongshan Dist. Taipei City 104475, Taiwan	100
Lloyd's Register Marine Consulting Taiwan Co., Ltd	TAIWAN	14F., No 137, Sec. 2, Nanjing E. Road. Zhongshan Dist. Taipei City 104475, Taiwan	100
Lloyd's Register Gozetim Ltd Sti	TURKEY	19 Mayıs Mah. Atatürk Caddesi, 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
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	100
Lloyd's Register Asia (Vietnam) Company	VIETNAM	Suite 450 PetroVietnam Tower, 8 Hoang Dieu Street, Ward 1, Vung Tau City, Ba Ria, Vung-Tau Province, Vietnam	100

¹ Wholly owned directly by Lloyd's Register Group Limited

Notes to the financial statements (continued)

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

Company	Place of registration	Registered number
Classification and Quality Services Limited	England and Wales	03973758
Classification Holdings Limited	England and Wales	03704447
Lloyd's Register Finance Limited	Scotland	SC320138
Lloyd's Register GMT Limited	England and Wales	06428883
Lloyd's Register Group Services Limited	England and Wales	06193893
Senergy Aligned Services Limited	Scotland	SC318186
LR 1760 (2) Limited	Scotland	SC346964
LR 1760 (1) Limited	Scotland	SC252441
Safetytech Accelerator Limited	England and Wales	13099135
Lloyd's Register Marine Limited	England and Wales	13281335
Ensign Holdco 1 Limited	England and Wales	10172727
Ensign Holdco 2 Limited	England and Wales	10172773
Ensign Holdco 3 Limited	England and Wales	10172900
Ensign Holdco 4 Limited	England and Wales	10173156
Regs4Ships Limited	England and Wales	04430411
Regs4Yachts Limited	England and Wales	04485715
ChartCo Limited	England and Wales	12289430
Shipping Guides Limited	England and Wales	00907386
Lloyd's Register Maritime Decarbonisation Hub Limited	England and Wales	14704215

28. Post balance sheet events

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

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 2023 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the 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 statement of 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
- amount of headroom in the forecasts
- 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 explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

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 the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

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

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

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

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

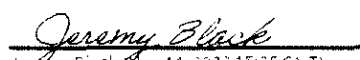
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' 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.

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


Jeremy Black, 14, 2023 15:25 (CST)

Jeremy Black, ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

14 November 2023