

Creating a Sustainable Future.



Lloyd's
Register

Contents

03 Opening statement

03 A year of solutions

04 CEO statement

04 Meeting global challenges

06 Our framework for sustainability

07 Sustainability in LR, at a glance



08 People



12 Governance



14 Environment



17 Community



19 Technology & innovation

21 Our approach to reporting

22 17/18 plans – progress update

25 Reporting Commitment

26 UNGC Compliance index



The challenges of sustainable oceans, low carbon and resource efficiency are significant and require global action.



A year of solutions.

Our purpose remains resolute in our changing world – working together for a safer world. LR’s expertise across safety, security and sustainability, combined with the work of the Lloyd’s Register Foundation, are leveraged to make a positive impact to society within a business model for the 21st century.

This year we launched a joint initiative, the Lloyd’s Register Safety Accelerator, bringing together start-ups and industry to work together, to test innovative digital solutions for the world’s toughest safety and risk challenges.

Sustainability
In July 2017, LR became a signatory to the United Nations Global Compact; the guardian of the UN Sustainable Development Goals and the world’s largest corporate responsibility initiative. As part of our commitment to the achievement of the Sustainable Development Goals, LR became a founding member of the United Nations Global Compact Action Platform for Sustainable Ocean Business, which launched on World Oceans Day in June 2018. Our

leadership is driven by our belief that the long-term health of the ocean is vital to ensuring societal safety and well-being.

The challenges of sustainable oceans, low carbon and resource efficiency are significant and require global action. They also represent the three areas of sustainability where LR can make the greatest contribution and form the three themes of our programme.

Technology is an enabler of a cleaner, more sustainable world and I am proud of how LR is deploying its professional expertise to help address these challenges and help us transition to a more sustainable world. Our Technology Radar report highlighted growing optimism about moving to a low carbon world.

The environmental impact of shipping and greenhouse gas emissions continues to raise its profile aligned with the publication of the International Maritime Organisation’s (IMO) decarbonisation strategy. We continue to support the sector in understanding what low and zero-carbon options are available to help enable the IMO strategy. We have

also provided services to the first large-scale energy storage project in Australia that will accelerate the maturity of energy storage technologies across the world.

Safety and Culture
Safety underpins all that we do and remains a priority for the Board, executive team and colleagues. We are pleased to report another year of improvement in our health and safety record, including a further reduction in the number of lost time incidents. Every incident is, however, a reminder of the challenges we face to achieve our aspiration of Zero Harm. Progress this year is testament to our focus on high-risk activities such as ship-to-ship transfers, the introduction of our LifeSavers programme and intuitive safety behaviours.

The Board is increasing its focus upon diversity and inclusion to fulfil our purpose and enable our customers to do great things. We know we need to nurture a diverse and inclusive workforce, where everyone has the chance to thrive.

Thomas Thune Andersen
Chairman, Lloyd’s Register Group Limited

14

LIFE BELOW WATER

Sustainable oceans
The oceans are essential to human life and industry, and it is crucial that we maintain and protect them.

7

AFFORDABLE AND CLEAN ENERGY

Low carbon futures
Low carbon energy plays a critical role in the goal to reduce greenhouse gas emissions.

12

RESPONSIBLE CONSUMPTION AND PRODUCTION

Resource Efficiency
Our growing populations need food and resources more quickly and for less cost than ever before.



This is LR's second sustainability report and I am proud of the progress that we are making in meeting global sustainability challenges.



Meeting global challenges.

This is LR's second sustainability report following the GRI standards, and I am proud of the progress that we are making in meeting global sustainability challenges. We are a signatory of the United Nations Global Compact on human rights, labour, environment and anti-corruption, and have made good progress against the UNGC principles over the last 12 months. A clear example of LR's commitment to improvement has been our role as a founding member of the UN's focus on sustainable oceans.

Strategy

We are in the second year of our business strategy that is enabling us to fulfil our purpose - working together for a safer world - for our clients and also for our colleagues. In this way we are able to make our commitment to a sustainable global economy.

People and culture

Safety remains our number one priority and we continue to make good progress on our Zero Harm aspiration. Having simplified our processes, strengthened the way we learn from incidents, and introduced a new set of behaviours for our safety critical tasks - called 'Life Savers' - we are pleased to see that these measures are contributing to a reduction in the number and severity of incidents.

Colleague engagement continues to rise, as evidenced by 7,400 colleague

safety reports, and training 7,200 colleagues on LR's new LifeSavers behaviours. Our Lost Time Incidents (LTIs) rate has reduced by 60% over the past 5 years and the number of High Potential Incidents has declined by 36%.

We have also taken more than half of our colleagues through our "Be the Change" programme, intended to create a greater sense of ownership, accountability and confidence amongst our people, coupled with strengthening the capabilities of our leaders. The first phase is reaching conclusion with deployment to all colleagues globally.

Sustainability in our sectors

We continue to support our clients in our traditional sectors of maritime, oil and gas and business assurance sectors, whilst also investing in adjacent markets that underpin a more sustainable future.

Notably, we've done this with our customised assurance programme in the food sector, building upon the acquisition of the food and drink supply-chain specialists Acoura last year, and in cyber security, following the acquisition of Nettitude in March 2018 - a leading cyber security assurance, risk management and managed detection and response services business.

In the energy sector we continue to develop our portfolio of renewables services as well

as supporting best practice in decommissioning old oil and gas assets.

Technology

We recognise that technology can be used to solve many sustainability issues. The applications of data and digital services can also be used to mitigate risk and enhance the performance of assets employed in critical infrastructure.

We have been working in close collaboration with our clients, subject matter experts, digital innovation and products team and an increasing number of technology partners to solve these issues. This approach has led us to initiate a number of exciting new initiatives such as:

- The launch of our new software product suite, LR AllAssets, which is serving a cross industry need for more advanced asset management solutions - increasing reliability and availability
- The development of new risk insight tools such as Lloyd's Register's Safety Scanner; the early demonstration of Human Analytics as a further step in improving human related risk factors

Alastair Marsh
Chief Executive Officer

Sustainable decommissioning

Whether in oil and gas, nuclear or other heavy industries, all assets eventually reach the end of commercial operations. With that, a series of difficult decisions need to be made. These decisions have social, economic and environmental impacts.

By using a sustainable decommissioning approach, we help our clients shed light on a site's assets. This increases potential for re-use and, in turn, potential for greatly reducing waste volumes and risk.

Low carbon power

There is an urgent need to reduce greenhouse gas emissions. Renewable power generation is the fastest growing source of electricity and by 2020, 26% of global power will be generated by renewables.

Our independent verification and technical advice will provide the trust and assurance that operators, societies and regulators demand.

At LR, we have a focus on nuclear and renewables and we're already demonstrating thought leadership in this space. Our verification and technical expertise will also be called upon to help clients address the safety challenges of developing low carbon assets and infrastructure.

Food

With the global population estimated to reach 8.6bn by 2030, there is a growing challenge to feed everyone. Globalisation leads to increasingly complex supply chains and distribution networks. Food safety and sustainability is of increasing concern to the public, primary producers, processors and retailers. Food fraud is a real risk to staple food items, whilst there is growing pressure on supply and demand.

Product safety, traceability, resilience, social impact and quality are becoming increasingly important to our clients in the food industry. Our adoption of the Greenfence remote auditing platform, and recent acquisition of Acoura, are helping us to strengthen our position in the food and beverage sector and offer solutions to new markets.

Digital innovation

By 2020, it is estimated that over 80% of the Fortune 500 companies will be digital service suppliers.

Technologies such as Blockchain will make supply chains more energy efficient while also providing high levels of transparency. Similarly, the deployment of data science and artificial intelligence will provide much deeper insights into the risks, control measures and enable evidence-based interventions.

Our digital products and services will enable the safety risks of new technologies and materials to be understood and verified, and the deployment of artificial intelligence and data science to make more informed risk-based decisions.

Cyber security

As assets and supply chains become increasingly connected to maximise the potential of digital transformation, so their vulnerability to cyber-attacks increases. For high risk assets and supply networks, the implications of a cyber-attack have significant impact on their reliability, safety and efficiency.

Through our cyber security expertise we assess the technology, decide on the level of digitisation that's right, then deploy data streaming and other cyber systems safely, effectively and profitably.

LR's recent acquisition of Nettitude brings proven technical expertise in advising, testing and verifying cyber vulnerabilities, and providing practical solutions that ensures our provision remains consistently relevant, robust and up to date.



Our framework for sustainability.

We deliver our sustainability aspirations through five pillars that are central to our purpose of providing benefits to clients and communities, and operating a responsible business that is supported by a productive, diverse and healthy workforce.

These pillars are outlined below and throughout the following pages of this report you can find out about performance, progress and plans in each area.



People

We value our people and are committed to help everyone achieve their potential.

We understand, respect and value personal and cultural differences and promote diversity.



Governance

We are committed to observing both the spirit and the letter of the laws of all jurisdictions in which we operate, to comply with our Code of Conduct and extend our standards to the supply-chain.



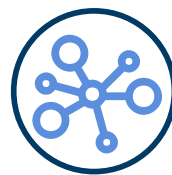
Environment

We will run efficient and low impact operations that consume less energy, emit less, produce less waste, and reduce any negative effect of our business activities on the environment.



Community

We will maximise our social impacts across the communities wherever in the world we operate.



Technology & Innovation

Technology is an enabler of a cleaner, more sustainable world, both as a trend, and a solution to other challenges.

Sustainability in LR, at a glance

80

Operating Countries



6745

people



97

nationalities



7997

Ethics training completions



Supported 600 projects generating 34GW of renewable energy



2.2m ltrs
water predicted to
be saved at HQ



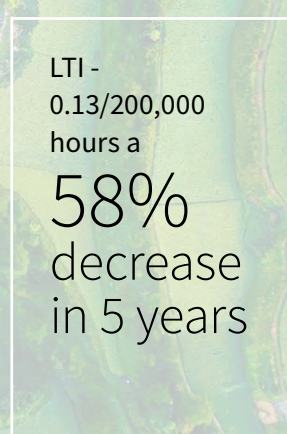
1141

trained in CPR



LTI -
0.13/200,000
hours a

58%
decrease
in 5 years



29,900 t
greenhouse
gases



3000

– reached milestone of 3000 RNLI
volunteers trained in sea survival





People

Exceptional people living LR values in safe, fair and supportive workplaces

Our biggest asset are our people. Through them, we provide independent assurance and expert technical advice. Our global reach and influence also positively affects many people in industry, governments and the communities in which we work.

7,200

people trained in LifeSavers



Delivering our Zero Harm Aspiration

The focal point of everything we do is safety, and everyday around the world, our employees are applying their technical expertise to shape a safer world.

At LR, we believe that incidents are preventable and that is why we have a commitment to Zero Harm. We achieve this by delivering professional engineering and technology services, and also by influencing customers during our work, highlighting safety concerns and sharing our experience. We measure this informal engagement, and last year our employees provided over 7,200 safety observations and near miss reports during their customer visits.

One of the foundations of our safety culture is employee empowerment - everyone at LR is authorised to challenge unsafe actions and stop work when a situation is unsafe. Last year our employees stopped work over 2,400 times when a situation was unsafe and requested changes to make a situation safer. These incidents are reported and where appropriate, investigated and communicated Group-wide. As part of our annual improvements measures, we have established local safety recognition schemes to promote and celebrate colleagues' personal safety actions.

World Safety Day An Army of Life Savers

To mark the International Labour Organisations (ILO) World Safety Day 2018, we focused our activities on improving knowledge of CPR (Cardiopulmonary resuscitation). Every year sudden cardiac arrest strikes thousands of people and tragically many do not survive because of delays in receiving treatment. We set a challenging target to train 1,000 colleagues on CPR which we exceeded.

CPR training sessions were held in 78 of our offices around the world, and a training video developed to allow anyone at LR to understand the basics of CPR and how to react to a cardiac arrest.

LR LifeSavers

The LR LifeSavers were developed to improve the management of high risks that our personnel face. They simplify the essential safety requirements into a series of memorable behaviours and actions everyone must demonstrate, to keep themselves safe.



Encouraging careers in STEM

Because of our history, global reach and charitable status, we are in a unique position to encourage more uptake of Science, Technology, Engineering and Maths (STEM) related education.

Specifically, we actively encourage more women to consider a career in engineering and science and represent as much diversity as possible through the promotion of our roles. We're pleased that women accounted for 20% of graduate positions between 2012-2016, significantly above the number of women graduating in engineering.

20%

Female graduates

The Lloyd's Register Foundation also gives us a unique opportunity to inspire the next generation of engineers by encouraging young people into STEM subjects. The Foundation has a specific focus on STEM education for disadvantaged or under-represented communities outside the UK.

There is much more to do in the diversity and inclusion of our own staff, and we won't address the balance overnight.

We understand that we need to ensure that all colleagues, regardless of gender, background or beliefs, can develop rewarding careers at LR, and we are absolutely committed to taking action that drives continuous improvement in diversity and inclusion within LR, across the world.



Creating a workplace where everyone can thrive

Different perspectives shape our thinking and help us deliver better and more sustainable results. Diversity is about more than just gender. We want LR to be an inclusive place to work where everyone can make a difference, give their best and succeed.

We always aim to provide colleagues at LR with fulfilling and rewarding careers.

We always aim to provide colleagues at LR with fulfilling and rewarding careers, and to make sure we find the right person for the right skills for the job. We also appreciate the benefits of a diverse workforce, at all levels of the organisation, right across the globe.

Like many other technology and engineering organisations, we do have a gender pay gap and there is more that we could do to nurture diversity across our business. The gap is influenced by more men choosing STEM related degree courses and a greater number of men at senior levels in the organisation.

To address our gender pay gap, reported for the first time in the UK at 28.9% (mean hourly pay gap across the UK workforce), we operate a number of campaigns that support STEM, including International Women in Engineering and the newly formed Women in Maritime Task Force.

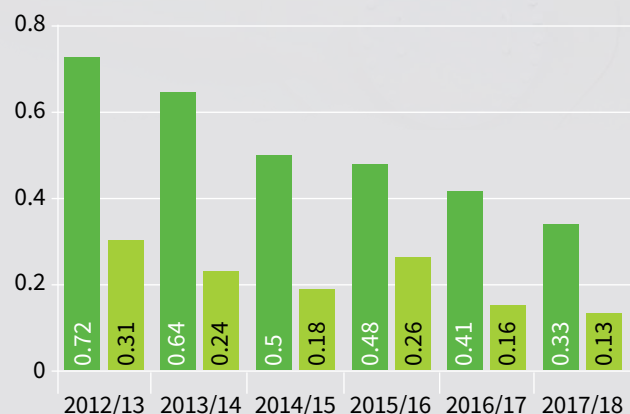


Fifth consecutive year of safety improvements

The Group's year-end Lost Incident Rate was 0.13 lost time incidents per 200,000 hours and the Total Recordable Incident Rate was 0.33. Both represent a reduction on last year and was the fifth consecutive year of improvement in recordable health and safety incident rates.

While this is encouraging, our long-term aim is to achieve performance levels comparable with the major oil & gas operators. We will achieve this by continuing to focus on the high potential incidents, and fostering the actions and behaviours that lead to a strong safety culture.

LR Group incident frequency rates



■ The total number of Recordable Incidents per 200k hours

■ The total number of Lost Time Incidents per 200k hours



Listening to our people and taking action

It is our colleagues around the world who underpin our reputation for excellence and integrity, and therefore it's vital that we listen and act on what they have to say. We do this through our Employee Opinion Survey (EOS).

Our current focus is on strengthening internal connections, improving the ways we work together and how we manage change. We also continue to harness our strengths, such as our strong Zero Harm safety culture, our trusted local line manager relationships and our colleagues' pride in working for LR.

Listening to the feedback is only the start though; the value comes from what we do differently as a result. Every people manager from the CEO down has an action plan covering a range of improvement actions, and we use a range of ways to share progress.

84%

EOS response rate

55%

colleagues participated in 'Be The Change' workshops

Be The change culture shaping at LR

During 2017/18 we have continued our culture change programme 'Be The Change' with over 140 workshops delivered to approximately 3,500 colleagues.

The aim of the workshops, continuing coaching, reinforcement and recognition, is to develop and sustain a healthy, high-performance culture.

Feedback from attendees has been overwhelmingly positive with many commenting on how it has enabled personal and professional growth, along with equipping them with new tools to be successful in the modern workplace. The programme will be completed during 2018/19.



2018/19 plans

Zero Harm

- Roll out LifeSaver practical training for 1,900 of our field based staff, focusing on Working over Water, Confined Space Entry and Working at Height by June 2020.
- Enhance our use of digital analytics to improve insights and trending of HSES information.
- Revise Crisis Management Plans (continuation from 2017/18).

Diversity & inclusion

We will launch our plan to improve diversity and inclusion across LR to support all our colleagues in achieving their potential.

Culture

- Complete the roll out of the Be The Change workshops (continuation from 2017/18).
- Launch of new behavioural competencies and embedding into the performance review process.
- Launch a Leadership Curriculum to provide a range of new programmes.



Governance

Ethical operations and strong governance

Committed to the LR values

At the heart of LR are our values: we care, we share our expertise, and we do the right thing. These values are evident in every interaction that we have with our employees, customers, suppliers and stakeholders. They are the thread that ties together everything we do.

Our Code of Ethics sets the expectations of all our people, including contractors, at all levels of our business. It declares our zero-tolerance approach to corruption, bribery and fraud, and it seeks to ensure impartiality in all that we do. We place huge importance in doing all of this because LR's reputation for independence, impartiality and trust is critical to the way that we work, and who we work with. Our clients expect and rely on our responsible, transparent and ethical operations, and we demand it of ourselves.

We actively contribute to raising the global standard of responsible governance by demonstrating best practice, and challenging our supply-chain partners to meet high standard of ethical, environmental and social responsibility.



Tackling modern slavery

Any human trafficking or modern slavery exploitation is completely incompatible with our values and LR accordingly supports the elimination of all forms of forced labour.

In addition to our Code of Ethics LR is also a signatory to the UN Global Compact and its 10 principles on human rights, labour standards, environment and anti-corruption. We are committed to ensuring that these principles are reflected in all elements of our business.

The group's Ethics & Compliance Committee receives all reports submitted through the dedicated whistleblowing channel and investigates all cases. We continue to actively encourage openness and will support anyone who raises genuine concerns on good faith, even where they turn out to be mistaken.



2018/19 plans

Procurement

- Responsible Sourcing Policy communication and assessment – ongoing.
- 90% compliance of >£100k contracts.



We are proud to be a founding member of UN Global Compact's sustainable ocean efforts. We will use our unique position within the marine sector to set high standards and ensure the aims of the Compact are achieved.

Suzanne Johnson
Corporate and External Affairs



Sustainable Oceans – three ways LR has influence.



Contributing to sustainable oceans

In 2018 LR became a founding member of the United Nations Global Compact Action Platform for Sustainable Ocean Business. The programme recognises that the long-term well-being of our oceans is critical to ensuring societal well-being.

The three-year programme convenes leaders in ocean industry along with the UN, world governments, academia and civil society. As an organisation involved in setting standards for the shipping

sector for over 250 years, LR has an important role to play in ensuring the programme is realised.

Zero emission vessels 2030 – how do we get there?

In 2018 the International Maritime Organisation (IMO) established a target to reduce greenhouse gas (GHG) emissions by at least 50% by 2050. This is a clear signal to the industry to eliminate fossil fuels. In order to achieve this, zero emission vessels need to be entering service by 2030 and therefore anyone planning to finance, design or build a ship in the 2020s will need to consider how it can switch to a non-fossil fuel later in its operational life.

In partnership with the University Maritime Advisory Services, LR released the 'Zero Emission Vessels 2030' report which assessed different decarbonisation options for various vessels to show the opportunity for a successful and low-cost decarbonisation pathway for shipping.

Sustainable fisheries – MSC and RFS

Through Acoura, the Seafish Responsible Fishing Scheme (RFS) reached its 100th accredited vessel at the end of 2017. This scheme aims to supply safe, high quality food which has been responsibly sourced and is traceable from the moment of the catch until the moment it reaches consumers, while maintaining high standards of crew safety, wellbeing and development.

Acoura is also the largest global provider of Marine Stewardship Council (MSC) Sustainability Fishing Assessments, commonly known as the blue label. This designation allows sustainable fishing to be recognised.





Environment

Operating responsibly and minimising our environmental impacts

With over 150 offices globally, it is important we manage the environmental impacts of our corporate operations. The direct impacts include energy consumption from the heating, cooling and operation of our offices, and the generation of waste. We are also a global business which often requires our people to travel to conduct their work resulting in emissions from air and road travel.

Of equal importance to the direct impacts of our offices, are the environmental impacts that result from the location, layout and use of the offices. These indirect factors are best addressed when we select and design an office. In 2018 the Group Estates team commenced a strategic review of LR's real estate portfolio, and this provides an ideal opportunity to incorporate environmental improvements in our future planning.



Green Shares: Making environmental personal

This year we increased our participation in World Environment Day, an annual event sponsored by the United Nations designed to promote environmental protection awareness and action. The theme for World Environment Day 2018 was plastic pollution, and we picked up this theme by introducing 'Green Shares' - simple actions and behaviours that we can all take, at work and home, to be more sustainable. Our first focus area was waste and the actions we can take to reduce consumption of single use plastics, recycle effectively and reduce the amount of resources used in our offices. Subsequent themes within the Green Shares project will include reducing energy consumption, water conservation and low carbon travel.



Green IT: Partnering with Dell

As part of a programme to modernise our IT systems, we are planning to replace 6,500 laptops over the next 18 months. Sustainability has been fully incorporated throughout the project, including the design, replacement and re-use of the old laptops through partnership with Dell. As a result of LR's agreement with Dell, a closed-loop recycling project will be established ensuring that 90% of the old equipment will be recycled, any functional products will be resold or donated to charity, and traceability of recycled products will be assured.

LR has also procured laptops that will reduce the total power consumption per charge cycle by 120kWh, saving the equivalent of 7 tonnes of CO² per annum once the project is finalised.

90%

of the old IT equipment will be recycled

7

Tonnes CO² saved per annum



Taking energy & water conservation to the next level

As part of our efforts to reduce our internal environmental impacts, we have completed several projects to reduce energy, waste and water at our headquarters in London.

The largest use of water in the building is the cooling system, and modifications were made to reduce consumption by 85%. We are on target to save over 2,200 m³ in 2018 - that's enough water to last the average person in the UK for 40 years.

As part of our plans to conserve energy and reduce waste, we have also installed advanced air filters across the building. These reduce energy consumed by the fan by 33% while also reducing the replacement cycle of the filters, reducing waste by 75%.

We are on target to save over 2,200 m³ in 2018 - that's enough water to last the average person in the UK for 40 years.

GHG Emissions		GHG 2016-17	GHG 2017-18	Change
Energy efficiency	(MWh / £m turnover)	32.8	28.3	↓ 14%
Scope 1 GHG (tCO ₂ e)	Natural gas consumption	1,780	1,275	↓ 28%
Scope 2 GHG (tCO ₂ e)	Purchased energy	9,320	7,007	↓ 32%
Scope 3 GHG (tCO ₂ e)	Employee business travel – air	13,825	16,013	↑ 16%
	Employee business travel – car	5,160	4,731	↓ 8%
Total tCO₂e		30,085	29,027	↓ 4%

Our Scope 2 emissions have reduced 32%, partly due to a reduction in the grid emission factor in the UK.



Ship recycling: Enabling responsible decommissioning

LR's work in supporting ship recycling, demonstrates where we bring technical expertise to a complex area of sustainability. In theory, ship recycling is the embodiment of the circular economy. The ship disposal industry in South Asia employs hundreds of thousands of workers that bring much needed employment and foreign investment to developing nations.

With over 95% of the materials being recovered - such as the steel which is reprocessed into local construction and machinery equipment, and the oils which are re-used - the process is inherently sustainable. The alternative would probably be abandonment or sinking at sea with all the consequential marine pollution.

There are, however, significant concerns about the conditions in which ship recycling is conducted. There is often little regard for health or safety resulting in frequent fatalities, and the standards of environmental protection are poor with a high incidence of

pollution. With thousands of vessels destined for decommissioning over the coming decade, there is a pressing need to ensure that ship recycling takes place in a safe, ethical and environmentally sound manner.

To help clients meet this challenge, LR has worked with a number of major vessel owners to develop a responsible recycling service. This involves working with them to plan for the recycling and select a responsible yard, including investigating the facility's health, safety and environmental operational standards. These assessments provide invaluable information when clients are selecting a facility to dispose of the ship.

LR also supports owners throughout the recycling process, undertaking independent safety and environmental audits and verifying the end-of-life disposal was conducted in accordance with the regulatory requirements.



2018/19 plans

Travel

Aim to manage and reduce the emissions from travel by continuing to focus on alternatives to air travel, measuring our car travel and promoting low carbon commuting.

Environmental behaviours

Continue to promote practical and personal environmental actions, focusing on energy efficiency, water conservation, waste reduction and low carbon travel.

Low carbon

Increase LR's participation in low carbon projects.



Community

Making a difference within the communities which we operate

Creating shared value

Many of our employees are actively engaged in projects within their communities where they apply the energy and the skills learnt at LR to issues and good causes that they care about. We want to ensure that all our people are given the opportunity to make a difference to the issues and communities that are important to them.

For example, in the Americas we have established a CSR committee to formalise our efforts to give back to the community and support various voluntary efforts. Each employee is allocated a paid day to participate in local good causes that interests them. This support strengthens our relationships within the communities which we operate and provides our colleagues with the discretion to select good causes that they are passionate about. In 2018/19 We will review this programme and explore ways that this could be adopted in other countries.

Supporting educational development in our communities

Our core competencies are technical expertise and professional services and it is important that we continue to promote the development of science and engineering education.

In Turkey, funding from the LR Foundation has established a mobile learning unit called 'Science Firefly' that provides science and technical education to disadvantaged regions. The unit specialises in teaching STEM (Science, Technical, Engineering and Mathematics) subjects in an engaging and inspiring way, thus increasing interest amongst children who may not have previously considered a career in these disciplines.

In Malta, LR funds professionals from developing countries to attend the International Maritime Law Institute. This improves their understanding of maritime law, and enables them to contribute to the development of policy and decision-making in their home countries.

The LR Foundation has also funded an apprenticeship scheme with the Worshipful Company of Shipwrights that provides young people with the opportunity to build skills in the marine industry and develop a career in shipbuilding.

Run almost entirely by volunteers, Mercy Ships provide free medical care to some of the world's poorest people.

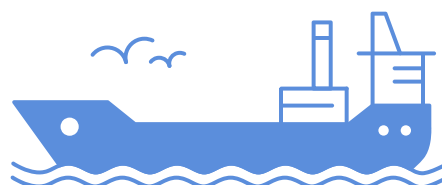


LR Surveyors Ian White from Glasgow office and Nima Moin from Rotterdam visit Mercy Ships in 2018

Mercy Ships: Providing expertise to support healthcare in Africa

Mercy Ships is an international healthcare charity which operates the world's largest charitable floating hospital. Run almost entirely by volunteers, Mercy Ships provide free medical care to some of the world's poorest people.

Colleagues from LR became involved with Mercy Ships when undertaking technical inspections of the organisation's hospital ship, the Africa Mercy. As part of the celebrations of LR's 150 years working in the Netherlands, colleagues are continuing their relationship with Mercy Ships, this time as part of a charity challenge, donating the financial equivalent of their annual leave. More than 40 engineers have offered their time and expertise during the vessels annual maintenance and repair cycles, including LR Surveyors Nima Moin and Ian White.





Hurricane Harvey - colleagues live the LR values

Hurricane Harvey had a devastating impact across the southern states of the US. Many of the 200 employees who work at our Houston office were directly impacted by the storm, including some who were evacuated from their homes, or whose homes were badly damaged.

Employee fundraising
donations exceeded

\$10,000

To support their colleagues LR employees established an online fundraising platform and donated their time to help colleagues fix and rebuild their homes.

Employees donated over \$10,000 to assist colleagues, with all proceeds going directly to those in need. LR matched the colleague donations and established grants to employees affected, to cover their immediate expenses.

The Lloyd's Register Foundation has been fantastic, enabling the training of 3000 RNLI crew members in essential sea survival skills.



LR Foundation support for RNLI

The LR Foundation continues to provide essential support to the Royal National Lifeboat Institution (RNLI) by funding sea survival training.

Since our partnership began 11 years ago, 3000 volunteer RNLI lifeboat crew members have been trained in such things as abandon ship procedures, team survival swimming and coping in a life raft in simulated darkness.

Paul Boissier, Chief Executive of the RNLI said, "We are delighted to be meeting this special milestone in our relationship with the Lloyd's Register Foundation. Their support has been fantastic and with it 3,000 crew members have the skills they need for their own survival."



2018/19 plans

Community engagement

- Develop framework for increased community engagement around our 3 priority themes.
- Increase participation in employee matching scheme to maximise value of employee contributions.



Technology & Innovation

Innovation for a cleaner, more sustainable world

Research, development and application

Technology is an enabler of a cleaner, more sustainable world. Through research, development and deployment, we assess the risk of new technology before it is applied, helping to optimise efficiency, safety and performance.

LR is a recognised worldwide leader in the development of innovative technology. From the first iron ships in the 19th century to the emergence of nanotechnology today, LR has provided the expertise to help make important ideas become a reality.

Research: As a global supporter of research and education, the LR Foundation promotes scientific excellence and acts as a catalyst, working with other organisations to achieve maximum impact. Many of the projects funded have significant benefits to environmental and public health, such as the partnership with the Alan Turing Institute to improve how air quality is modelled in London.

15-20%

Higher mortality rate due to poor air quality

The project aims to create a transformation in the understanding and management of air quality in cities.

Once finalised, the outputs of this research can be applied globally to mega-cities such as Delhi, Shanghai, Lagos and São Paulo where the human impact of poor air quality is estimated by the World Health Organisation (WHO) to result in a 15-20% higher mortality rate.



Photo credit: Tuukka Ervasti

Development: At our Global Technology Centres in Southampton and Singapore, we undertake projects that result in significant safety and environmental improvements.

Our recent collaboration with Damen Shipyards Group, for example, involved the design of a next generation aggregate dredger for CEMEX UK. The vessel was designed for zero ballast operations, helping to deal with increasing environmental and biosecurity concerns. The vessel also met LR's ECO Class Rules, the Group standards for environmental ship design, construction and operation.

9 out of 10 people globally live where air quality guidelines are exceeded

Application: Through our innovative use of technologies, we are helping clients use resources more efficiently such as LR's work with Viking Lines' revolutionary LNG-fuelled passenger vessel, the Viking Grace. This ship is the first of its kind to be equipped with a rotor sail for the utilisation of wind power.

900

Tonnes of CO² cut per annum

The rotor sail is expected to cut emissions from the vessel by up to 900 tonnes of CO² annually and it is already operating on voyages between Finland and Sweden.



Powering the growth of low carbon energy

There is no single answer to our global energy, efficiency and environmental needs. But what is indisputable is the urgent need to accelerate our transition into a low carbon world.

We advise clients across the renewables sector on projects, including optimum site selection, energy yield maximisation, grid connectivity and the safety and efficiency of an asset throughout its lifecycle.

34GW

renewable generating capacity

Through our work with clients, we have supported over 600 renewables projects which represents 34 GW of renewable energy capacity globally. These renewables facilities potentially avoid the emission of between 44 and 80 million tonnes of greenhouse gases per year. Over an expected 25 year operating life of these assets, this means 1.1 to 2bn tonnes in total.

Helping create 'the world's biggest battery'

LR worked with Neoen, an independent producer of renewable energy, to develop and deploy ground-breaking technology that will accelerate the maturity of energy storage technologies.

Energy storage technologies are widely considered to be the most important growth driver and enabler for renewable energy. This technology is critically important because until the power produced by renewable energy sources can be reliably stored and effectively distributed to the grid, we will not be able to reduce our reliance on hydrocarbons.

At peak output, the battery provides enough electricity to power the equivalent of 30,000 homes.

The Hornsdale Power Reserve in Southern Australia is home to the largest lithium-ion battery in the world. The project deploys battery storage to stabilise the South Australian electricity grid, facilitate integration of renewable energy in the State and assist in preventing load-shedding events. At peak output, the battery provides enough electricity to power the equivalent of 30,000 homes. This capacity will be used to store power when demand is low, and dispatch it when demand is high, reducing the need for gas power generation.

Not only was this the first large-scale energy storage project in Australia, it was also the first use of Tesla equipment on the Australian electrical network. LR's work included complex model development, technical simulation, negotiation with national power network providers and operators, and working closely with the equipment supplier to ensure effective and timely project delivery. The project demonstrates how LR's greatest contribution to sustainability is through our engineering and technology services.



Our approach to reporting.

Lloyd's Register is a signatory of the UN's Global Compact and this report constitutes our annual Communication on Progress. The UNGC Compliance Index found in this section is a summary of our performance and commitments that are described throughout this report.

Materiality and the Sustainable Development Goals

Material topic	Internal materiality	External materiality	Management of the topic	SDG
Health & safety	Zero Harm. Safety is at the heart of our purpose, values and service offering. Our people have passion for safety.	Our customers expect LR to demonstrate best practices and a high safety performance.	<ul style="list-style-type: none"> Zero Harm strategy. Behavioural safety framework. LR LifeSaver – safety critical behaviour training. Stop Work Authority. HSES management system. 	
Development & diversity	A diverse range of perspectives, experiences, cultures, genders, and age enables LR to better innovate and adapt in a fast-changing environment.	The technical expertise of our people is vital for delivering our client services and local employment is an important contribution to local development.	<ul style="list-style-type: none"> LR Academy learning platform. Career development tool. 'Be The Change' culture workshops. 	
Anti-corruption and anti-bribery	Trust, integrity and responsibility are at the heart of who we are, what we do and why we do it.	As a provider of technical advice and assurance our customers expect us to operate ethically wherever we are in the world.	<ul style="list-style-type: none"> Anti-Bribery and Anti-Corruption (ABC) training updated. 	
Procurement	We wish to partner with suppliers that operate responsibly and ethically, and who share our values.	We seek to ensure indirect impacts of our supply-chain are managed and we work with suppliers to mutually improve performance.	<ul style="list-style-type: none"> Responsible Sourcing Policy. Standard terms and conditions in our contracts. Training suppliers and contractors. 	
Operational environmental impacts	We aim to operate responsibly by reducing our environmental footprint and being more efficient with the resources we use.	Recent global agreements have made explicit commitments to the reduction of greenhouse gases, with businesses playing a leading role in responding to global sustainability, climate change and resource scarcity issues.	<ul style="list-style-type: none"> Zero Harm strategy. HSES management system. LR Greening Area Plans. Efficient operation and rationalisation of real estate and infrastructure. 	
Community engagement	Many of our employees are actively engaged in community activities. We need to enable, support and promote our employees to participate.	We seek positive and constructive relations with all the communities we interact with.	<ul style="list-style-type: none"> Local engagement with community projects worldwide. 	VARIOUS
Technology and innovation	We are improving internal systems and ways of working to more efficiently serve our clients and support our service delivery. We are always exploring new technologies to improve the safety and well-being of our people.	Technology and innovation underpins our work. Through research, development and deployment, we can assess the risk of new technology before it is applied to solutions, helping to optimise efficiency, safety and performance.	<ul style="list-style-type: none"> Focus on our strategic growth areas. 	   



17/18 plans – progress update



People

Exceptional people living LR values in safe, fair and supportive workplaces

Indication of progress

Not started	<div></div>
Behind	<div></div>
In progress	<div></div>
Achieved	<div></div>

Commitment	Progress	Comments
Establish a more inclusive, agile and entrepreneurial organisational culture by training 7,000 colleagues globally in 'Be The Change' workshops during 2017-2019.	<div></div>	Ongoing - 176 workshops have been run which have been attended by 3,735 colleagues, including our executive leadership team.
Expand diversity and equal opportunities reporting to provide greater understanding and inclusive decision-making within the organisation.	<div></div>	Reported UK Gender Pay Gap May 2018.
Improve employee satisfaction and motivation by addressing the findings of the Employee Opinion Survey.	<div></div>	EOS Action Plans implemented across the organisation containing a series of local training, communication and engagement initiatives.
Improve business efficiency through the deployment of Enterprise Resource Planning system globally between 2017-2019.	<div></div>	The deployment of Success Factors and Business by Design SAP systems is on-track.
Enhance career opportunities to high performing employees through access to managerial programmes and talent development.	<div></div>	Barriers to learning have been identified and addressed, including shortening training courses and conducting workshops at more global locations.
Improve the provision of management information from HR systems to improve absence management and learning and development.	<div></div>	Awaiting Data on training hours and reasons for leave.
Train all 7,000 personnel on the LifeSavers, critical safe behaviours, by June 2018.	<div></div>	All field-based personnel were trained by December 2017 and 98% of office-based personnel were trained by June 2018.
Replace the existing safety management system with an integrated management system.	<div></div>	Implementation complete.
To improve managers' engagement with safety, revising the safety tours process.	<div></div>	Review complete and new process implemented.
Improve how we investigate and learn from HSES incidents.	<div></div>	A new methodology to investigate and learn from incidents introduced, and over 150 people trained.
Revise our Group Crisis Management Plans.	<div></div>	A new process has been introduced and training is planned.



People

Exceptional people living LR values in safe, fair and supportive workplaces

Indication of progress

Not started	<div></div>
Behind	<div></div>
In progress	<div></div>
Achieved	<div></div>

Commitment	Progress	Comments
Measure how our people feel and perceive safety at LR in the EOS.	<div></div>	Six Area HSES improvement plans have been developed and implemented.
Introduce localised initiatives for health, wellbeing and stress resilience within our large offices.	<div></div>	Training on stress resilience has been piloted in Germany and the UK, along with a global fitness challenge. These measures will be developed further in 2018/19.



Governance

Ethical operations and strong governance

Commitment	Progress	Comments
LR's standard terms of business will include suppliers' commitment to the responsible sourcing policy.	<div></div>	The policy has been communicated to all high value suppliers and 53% have agreed to our policy or have their own equivalent. Standard terms are yet to be fully updated.
Measures will be implemented to capture any significant and high-risk supplier.	<div></div>	Mechanism to categorise and capture high risk suppliers – travel, fleet and consumables.
Ensure all colleagues complete the updated mandatory ABC training.	<div></div>	95% staff have completed the revised training.
Re-communication of the ABC procedures - ABC policy, Code of Ethics and Speaking Out (whistleblowing) policy/mechanism.	<div></div>	Internal communications programme and training is automatically assigned through new learning programme to new hires.



Environment

Operating responsibly and minimising our environmental impacts

Indication of progress

Not started	<div></div>
Behind	<div></div>
In progress	<div></div>
Achieved	<div></div>

Commitment	Progress	Comments
Explore ways to further minimise emissions from business travel and improve measurement.	<div></div>	New and improved communication technologies implemented to reduce the need to travel, including tele- and videoconferencing software.
Strengthen measurement and objectives for energy, waste, water and travel.	<div></div>	Area Greening Plans agreed and implemented for large offices.
Apply standards for our large premises (owned and leased).	<div></div>	LR's minimum requirements for health, safety, environment and security are now applied as standard when conducting property searches and prior to refurbishments.
Identification of refrigerants on premises under our control.	<div></div>	Refrigerants that are under LR control are managed by the facilities and estates team.
Create a Green IT framework and architecture to sustainably manage our enabling technologies.	<div></div>	Our current technology portfolio continues to drive our Green IT Framework and we have started multiple projects to reduce our IT footprint, reduce our supply chain purchase cycle and avoid unnecessary hardware re-investment.
Enlarge the proportion of countries covered by our travel provider to improve travel data and introduce a consistent policy Group-wide.	<div></div>	Through our travel partner, LR is currently able to obtain travel data for 90% of air travel.
Further rationalisation of LR's global property portfolio resulting in more efficient building use.	<div></div>	Continued rationalisation and improved efficiency of our estates is a principle of our Group Estates team and an ongoing process.



Community

Adding value to society and working together for a safer world

Commitment	Progress	Comments
Consider options to formalise LR's approach to community engagement.	<div></div>	Proposal in development for a Group-wide approach based on relevant themes, employee-matching and volunteerism.

Reporting Commitment

Human rights

#	UN Global Compact principle	LR commitment	Implementation	Progress	Sustainability report reference
1	Businesses should support and respect the protection of internationally proclaimed human rights.	<ul style="list-style-type: none"> Code of Ethics. Anti-Bribery & Anti-Corruption and Fraud (ABC) policy. 	<ol style="list-style-type: none"> Ethics & Compliance Committee chaired by the Group General Counsel and Company Secretary. Mandatory ABC training for all staff and contractors. 'Speaking Out' – whistleblowing mechanism. Conflict of interest management. 	<ol style="list-style-type: none"> Ethics & Compliance Committee sits quarterly and is chaired by member of the Executive Leadership Team. 95% completion rate. The Ethics & Compliance Committee receives and reviews all reports. Conflict of interest, independence, impartiality and integrity policy implemented. 	<ul style="list-style-type: none"> Governance.
2	Businesses should make sure that they are not complicit in human rights abuses.	<ul style="list-style-type: none"> Code of Ethics. Responsible Sourcing Policy. 	<ol style="list-style-type: none"> Anti-slavery and human trafficking statement. Responsible Sourcing Policy (RSP) 9 principles of environmental, ethical and social responsibility standards extended to our suppliers. 	<ol style="list-style-type: none"> Published statement available on www.lr.org. RSP applies to suppliers >£100k spend. 56% completion rate. 	<ul style="list-style-type: none"> Governance.

Labour

#	UN Global Compact principle	LR commitment	Implementation	Progress	Sustainability report reference
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	<ul style="list-style-type: none"> Code of Ethics. Employee relations policy. HSEQ policy. 	<ol style="list-style-type: none"> Equal opportunities and diversity procedures. 	<ol style="list-style-type: none"> Managed by local HR teams. 	<ul style="list-style-type: none"> Sustainability in LR, at a glance. People. Governance.
4	Businesses should uphold the effective abolition of child labour.	<ul style="list-style-type: none"> Code of Ethics. HSEQ policy. 	<ol style="list-style-type: none"> Equal opportunities and diversity procedures. Responsible Sourcing Policy (RSP) 9 principles of environmental, ethical and social responsibility standards extended to our suppliers. 	<ol style="list-style-type: none"> Managed by local HR teams. RSP applies to suppliers >£100k spend. 	<ul style="list-style-type: none"> Governance.
5	Businesses should uphold the elimination of discrimination in respect of employment and occupation.				
6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	<ul style="list-style-type: none"> Code of Ethics. Employee relations policy. Diversity & Inclusion programme. HSEQ policy. 	<ol style="list-style-type: none"> Group-wide requirements for local HR policy content currently cover employee contracts, discipline, grievances, harassment and workplace bullying, equal opportunities and diversity and working hours. E.g. Equal opportunities and diversity policy (UK). Access to development and learning opportunities. 	<ol style="list-style-type: none"> Fully implemented. Managed by local HR teams. LR Academy online learning and development tool implemented. 	<ul style="list-style-type: none"> People.

UNGC Compliance index

Reporting Commitment

Environment

#	UN Global Compact principle	LR commitment	Implementation	Progress	Sustainability report reference
7	Businesses should support a precautionary approach to environmental challenges.	<ul style="list-style-type: none"> HSEQ Policy. Area HSES objectives. 	1. ISO14001:2015 certified environmental management system.	1. ISO14001 certification up to date and verified.	<ul style="list-style-type: none"> Environment. Our Approach to Reporting.
8	Businesses should undertake initiatives to promote greater environmental responsibility.	<ul style="list-style-type: none"> HSEQ Policy. Area HSES objectives. 	1. ISO14001:2015 certified environmental management system. 2. HSES management system. 3. HSES Representatives.	<ul style="list-style-type: none"> ISO14001 certification up to date and verified. 	<ul style="list-style-type: none"> Environment.
9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	<ul style="list-style-type: none"> Strategic growth initiatives. 	1. Low carbon Ppower. 2. Sustainable decommissioning. 3. Food security. 4. Data & digital.	<ul style="list-style-type: none"> Annual targets set in business plans. 	<ul style="list-style-type: none"> Technology & Innovation. Annual Review.

Anti-corruption

#	UN Global Compact principle	LR commitment	Implementation	Progress	Sustainability report reference
10	Businesses should work against corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none"> Anti-bribery, corruption and fraud policy. Gifts & hospitality register and portal. 	1. ABC training – mandatory for all employees and contractors. 2. Responsible Sourcing Policy (RSP) and supplier assessment.	1. Fully implemented. 2. RSP applies to suppliers >£100k spend.	<ul style="list-style-type: none"> Governance.



Corporate Citizenship undertook a review of a sample of quantitative data and qualitative statements published in this report. The review focused on verifying how aggregate figures were derived from internal data management systems; reviewing the methodologies for calculating various figures included in the report, such as carbon emission conversion factors and health & safety statistics calculation methods; and verifying that a sample of qualitative statements were backed up by evidence and records of this evidence were kept.

Sustainability Insights

Here are some more sustainability thoughts, reports and opinions from our domain experts and industry commentators that you may find interesting. You can find these and more at www.lr.org/en/insights/

Zero-Emission Vessels 2030 is a new study that aims to demonstrate the viability of zero-emission vessels (ZEVs) – identifying the drivers that need to be in place to make them a competitive solution for decarbonisation, produced by LR and University Maritime Advisory Services (UMAS).

[> Read more](#)

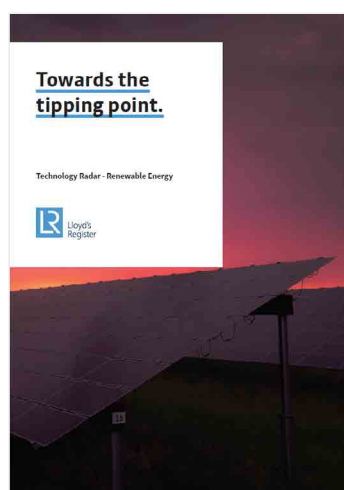


Technology radar – renewable energy

The fourth edition of the Lloyd's Register Technology Radar, and the second in the series to be dedicated exclusively to low carbon power.

This edition asks the question: when will renewable energy become the dominant source of energy? Furthermore, the study examines which technologies are likely to have the greatest impact in different countries, and what are the key drivers and inhibitors for success.

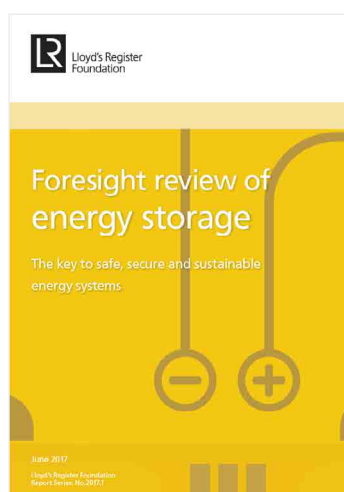
[> Read more](#)



Foresight review of energy storage (Lloyd's Register Foundation)

This review explores the role of energy storage and how it can impact the safety of life and property around the world. Energy storage does not stand alone: it is part of energy systems which are integral to the infrastructures that ensure our individual and communal safety.

[> Read more](#)





Get in touch

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