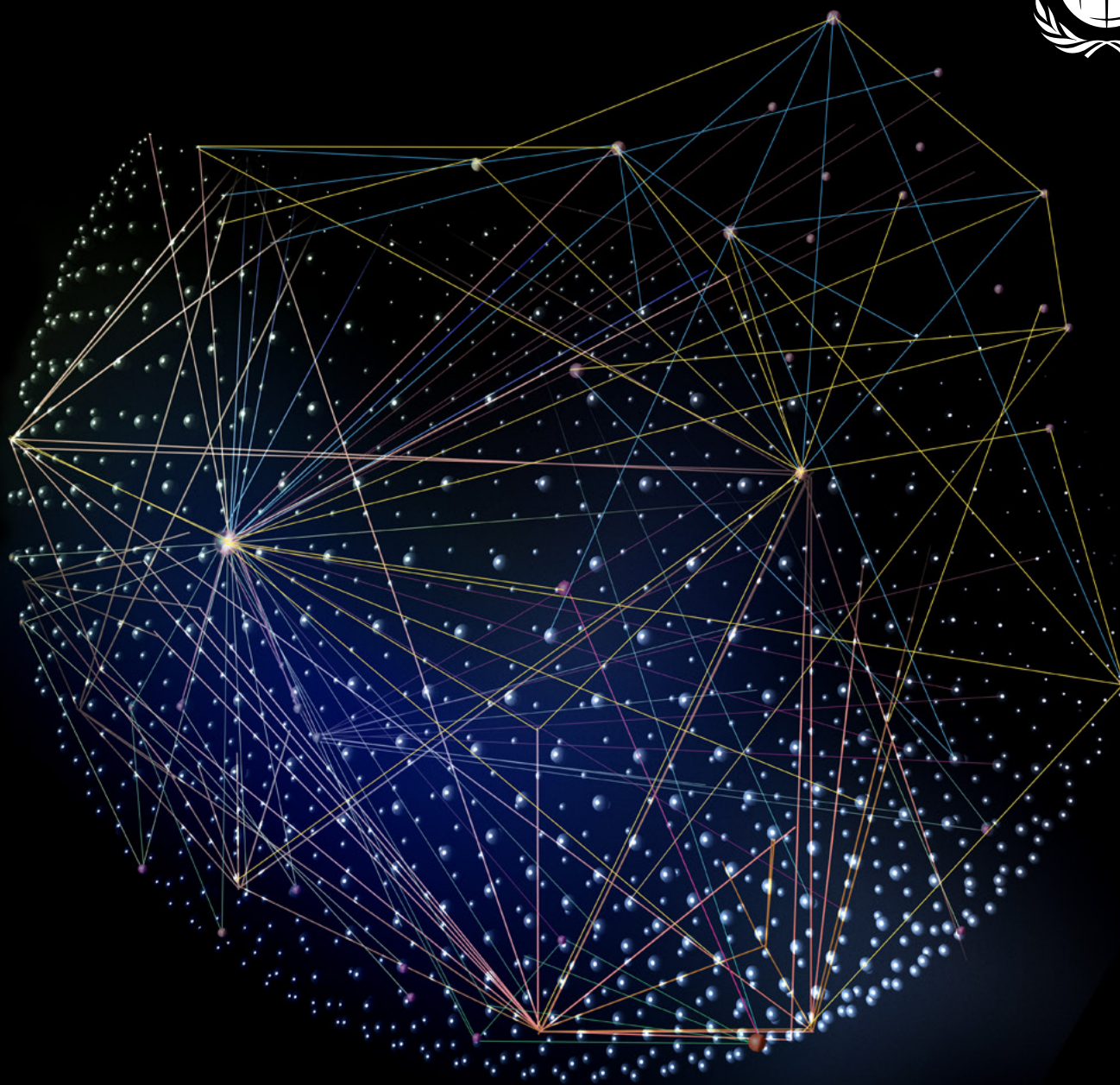


Lloyd's Global Compact 2020 Report

Our commitment to support the
United Nations' sustainability principles



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Foreword

John Neal, CEO, Lloyd's



Looking back on 2020 and the enormous social and economic devastation the COVID-19 pandemic brought to almost every country, industry, business and individual, it is clear that there has never been a more important moment to prioritise the wellbeing and protection of our people and of the planet. Almost overnight we witnessed the rapid and unforgiving permeation of a virus that has altered the way we live and work – a risk that for many decades was hypothetical.

The pandemic has accelerated critical conversations, commitments and actions across industries and governments to tackle some of the most pressing issues we collectively face – the greatest of which is climate change. As a systemic risk like no other, society has an urgent responsibility to work together to ensure that the future of our planet is protected for generations to come. As we emerge from the challenges the past year has brought, and reflect on the urgency with which we must act to tackle the climate emergency, we do so with a powerful opportunity – to put sustainability and inclusion at the heart of our recovery.

As a market that supports millions of customers and communities around the world, and with a unique understanding of the impacts of climate change and the transition risk across multiple-sectors and geographies, Lloyd's has an important role to play in driving action towards a sustainable future.

With the publication of our first Environmental, Social and Governance Report in December 2020, we have set out our ambition to integrate sustainability into all of Lloyd's business activities; from playing our part in the global transition to net zero through the risks we share and the investments we make, to the way in which we support societal progress more broadly. As part of that report, we outlined our six priority Sustainable Development Goals from the UN Global Compact on sustainability which help maintain our focus and ensure we work consistently towards this ambition.

Our second United Nations Global Compact Report demonstrates the momentum and describes the progress Lloyd's has made towards these Sustainable Development Goals during 2020. That progress includes our response to the pandemic, which saw 313 organisations globally collectively receive £14m in donations, and the support of 700 volunteers who contributed to a significant number of initiatives in their local communities.

We were also proud to launch Lloyd's Futureset, a global platform and community to create and share risk insight, expertise, and solutions to society's most challenging problems. This has seen Lloyd's acting as a leader to HRH The Prince of Wales' Sustainable Markets Initiative Insurance Task Force. Comprised of executives from many of the world's largest insurance and reinsurance companies, the Task Force is working at pace to provide climate positive financing and risk management solutions to support and encourage individuals and businesses around the world to accelerate their transition to a sustainable future.

This report represents a continuation of Lloyd's journey to become a more responsible, sustainable organisation and market. Our clear ambition is to continue to build on our progress and commitments as laid out in this report to benefit our people, our customers and society.

About this report

The Corporation of Lloyd’s signed up to the United Nations Global Compact in 2018, and in so doing committed to communicating its responsible business approach to its stakeholders on an annual basis.

This is our second report on the Corporation of Lloyd’s activities (2020) in relation to the Global Compact’s ten universal principles for human rights, labour, the environment and anti-corruption. Our actions in these areas improve our responsible business practices, thereby supporting the United Nations Sustainable Development Goals.

About Lloyd’s

Lloyd’s is the world’s leading insurance and reinsurance marketplace. Through the collective intelligence and risk-sharing expertise of the market’s underwriters and brokers, Lloyd’s helps to create a braver world.


The Lloyd’s market provides the leadership and insight to anticipate and understand risk, and the knowledge to develop relevant, new and innovative forms of insurance for customers globally. It offers the efficiencies of shared resources and services in a marketplace that covers and shares risks from more than 200 territories, in any industry, at any scale. And it promises a trusted, enduring partnership built on the confidence that Lloyd’s protects what matters most: helping people, businesses and communities to recover in times of need.

Lloyd’s responsible business approach

Lloyd’s is committed to being a responsible global corporate citizen by adopting ethical principles and practices, sharing knowledge and expertise, and by making a positive contribution to social and environmental issues. The Corporation operates in a way that meets fundamental responsibilities in the areas of human rights and labour, as well as environment and anti-corruption.

Lloyd’s has a long track record in contributing to the communities in which we operate, and crucially, helping them to recover from disaster. We recognise the importance of the role that insurance plays in protecting society and supporting global economic growth, and are committed to playing our part in the global transition to net zero; from the risks we share and the investments we make, to the way in which we support societal progress more broadly.

In 2020, as part of our focus on customers and the response to COVID-19, we launched our report *Building simpler insurance products to better protect customers*, addressing the urgency with which the global insurance industry must invest and focus on clarifying and simplifying its products to ensure that responsible business practices are upheld in all customer interactions.

For more information on the United Nations Global Compact, visit www.unglobalcompact.org 

Our role in the community

Community involvement is at the heart of our values at Lloyd's. Over the next five years, our ambition is to create measurable positive outcomes by running one of the leading community engagement programmes in the insurance industry.

We currently manage three independent charities and a volunteer programme (the Lloyd’s Charities Trust, Lloyd’s Patriotic Fund and Lloyd’s Tercentenary Research Foundation). We also work with the Lloyd’s Benevolent Fund, established in 1829, which provides financial assistance to individuals working in the market who have faced exceptional circumstances.

Our COVID-19 Response

In the Community
In 2020, through the Society, Lloyd’s charities, and our COVID-19 response fund, we donated £13.9m, supporting 313 organisations globally. In addition, 700 volunteers from the market and Society gave their time and support to more than 1,800 people in our local communities in London through our formal programmes.

Through insurance initiatives
The Corporation approved and supported the launch of a public-private syndicate, set up to insure (and therefore facilitate) the storage and transportation of COVID-19 vaccines to emerging economies.

2020 also saw the launch of Lloyd’s Global Health Risk Facility (GHRF), which will make billions of dollars of insurance coverage available, together with risk mitigation services to help protect and support the global distribution of COVID-19 vaccines as well as critical health commodities.

Both these initiatives were in partnership with Gavi, the global vaccines alliance and COVAX, the global coronavirus vaccine taskforce.

In 2020, we committed £14m to charitable organisations and funds.

- Donations included:
- **£5m** to the Association of British Insurers’ COVID-19 Support Fund, which is providing **£100m** to the National Emergencies Trust in the UK.
 - **£3m** fund for charities nominated by Society staff globally.
 - **£2m** to support new and existing charity partners in the UK best placed to respond to the pandemic.
 - **£2m** for local organisations supported by the Society’s global offices, and
 - **£1m** to Lloyd’s Charities Trust’s Market Charity Awards.

Our commitment
to human rights



Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure they are not complicit in human rights abuses.

1. Our commitment to human rights

Introduction

As a global business, with licences to operate in more than 200 territories, the Corporation recognises the importance of upholding human rights. We respect the dignity and rights of every individual who works for us and in the Lloyd's market, as well as those who we work with.

The Corporation fully supports the principles set out in the United Nations Universal Declaration of Human Rights and the International Labour Organisation core labour standards. In doing so, we underpin the Lloyd's market's inherent social purpose of supporting people, businesses and governments by building resilience, reducing risk and helping them recover quickly after disasters by paying claims.

Lloyd's Minimum Standards

The Corporation has a responsibility to ensure our marketplace works in accordance with our values. We do this through our Minimum Standards, which cover all areas of operation and conduct.

See [Lloyd's Minimum Standards](#) for more information.

Complaints

While Lloyd's believes that the vast majority of Lloyd's policyholders will have a positive experience dealing with Lloyd's managing agents and their representatives, it is inevitable that some complaints will arise. Where that is the case, policyholders should be able to expect to have their complaint dealt with promptly and in a reasonable way.

Lloyd's operates a two-stage process for UK complaints; while managing agents are responsible for handling international complaints in accordance with the complaint-handling rules in the relevant country.

What we achieved in 2020

At the Corporation of Lloyd's, we have been working hard to develop clear reporting against the United Nations Sustainable Development Goals. It is our intention to encourage all Lloyd's market participants to take a similarly responsible business approach in relation to the Global Compact's ten principles and to measure our own progress alongside that of the market.

In June 2020 we committed to taking meaningful and measurable action to help improve the experience of ethnic minority talent in the Lloyd's market. These focus on the specific areas of:

- Attracting, retaining and developing ethnic minority talent.
- Review of employee and partner policies and historical artefacts, including restating the narrative of Lloyd's role in the slave trade.
- Education and Research into the lived experience of ethnic minority colleagues in the Corporation.
- Financial support for charities and organisations promoting opportunity and inclusion as part of our £15m COVID-19 response.

1. Our commitment to human rights

What we will do in 2021

In 2021 we will maintain progress against our gender targets and increase market adoption of Lloyd's Culture Toolkit. To deliver on our ethnicity commitments we will:

- Launch an Accelerate programme for 15 future leaders, with the intention of introducing a second cohort upon the successful conclusion of the first.
- Recruit an archivist as part of our work to better understand and represent our history.
- Follow through on the research on the lived experience of ethnic minority colleagues in the Corporation by developing a Corporation specific long-term ethnicity plan.
- Charitable support: directly contribute £100,000 five key charities aimed at supporting ethnic minority individuals and we form a new partnership with Sponsors for Educational Opportunity (SEO) London, offering students opportunities to participate in events and also offer summer work placements.
- Launch a long-term plan to support and enable ethnic minority talent.

We will also share best practice by hosting regular meetings for the market where we promote volunteering activities and latest news within the world of Corporate Social Responsibility (CSR).

Modern slavery

We have a zero-tolerance approach to human rights abuses and modern slavery. We are constantly trying to improve our business practices, systems and controls to combat slavery and human trafficking.

We fully support the principles set out in the United Nations Universal Declaration of Human Rights and the International Labour Organization core labour standards. We respect the dignity and rights of each individual who works for us and with us.

As a global business, we recognise that respect for human rights is fundamental. We are committed to ensuring that there is no modern slavery or human trafficking taking place in our supply chains or in any part of our business. We continue to implement appropriate policies to support our commitment to act ethically and with integrity in all our business relationships.

In 2020 we continued to include a supplier performance and risk management framework and to conduct spot-check audits on some of our critical suppliers to ascertain their compliance with the modern slavery legislation.

As part of our commitment to being a responsible business, the Society is part of the Living Wage campaign. Our commitment to the initiative means that all Society employees, including those working for our sub-contractors, are guaranteed a fair wage that accurately reflects the cost of living. We also work with them to uphold high standards of conduct regarding safe working conditions, treating workers with dignity and respect, and acting fairly and ethically. This includes those of their employees who work on Lloyd's premises.

1. Our commitment to human rights

Health and safety

The Corporation has an active steering group, the Health, Safety and Environmental Co-ordination Group (HSECG), that ensures the safety and protection of the Corporation's employees while engaged in Lloyd's activities, and that of tenants, underwriters, brokers, contractors and visitors while they are on Lloyd's premises. Lloyd's also ensures that its duties, as laid down in the Health and Safety at Work etc. Act 1974 and in the Corporation's occupational health and safety, environmental and security policies, are adhered to and demonstrate best practice. During 2020 Lloyd's migrated from BS 18001 to ISO 45001 (International Occupational Health and Safety Management Standard).

Fair treatment

We ensure that all Corporation employees and all companies in the market have a clear understanding of what is expected of them in relation to speaking up about inappropriate behaviour, acting with integrity and being respectful. There are several policies in this area including the Consolidated Compliance Policy, which includes whistleblowing policy statements, and the Diversity and Inclusion Policy, and there is also a helpline for Corporation and market employees should they need advice in this area. If behaviour standards are breached, we can act against the perpetrators, which can include banning them from working in the Lloyd's market.

Family care provisions

In response to COVID-19 we have placed an increased focus on our people's wellbeing and put new policies and practices in place, including an additional five days' leave for those working around caring responsibilities and providing financial support for employees to purchase the equipment they need to work at home effectively and safely.

The Corporation is proud of its market-leading family care policies that are designed to provide employees with the support they need to enjoy happy and healthy working and home lives, in whatever form works best for them. We extended our market-leading family care policies in January 2020 to cover all our colleagues, globally. These policies are designed to provide employees with the support they need to enjoy happy and healthy working and home lives, whatever that looks like for them. This family care provision provides 26 weeks paid leave for primary or secondary care givers when you start a family, with an additional four weeks full pay to support a phased return to work. It is not gender-specific and applies regardless of how you want to start a family.

Other care policies applicable globally include emergency leave for any unforeseen challenges employees may face; sabbaticals with one month paid leave once you've worked for Lloyd's for more than five years; an online parental leave toolkit to support expecting and adopting parents and their line managers throughout the parental leave transition plus flexible day-to-day working practices.

1. Our commitment to human rights

What we achieved in 2020

- Achieved gender parity in leadership roles, with 46% of leadership roles occupied by women
- The Lloyd's Council adopted a diversity target for 33% of its membership to be either female or from an ethnic minority background.
- The Culture Advisory Group, comprised of external SME's and market association representatives, met four times in 2020, focusing on gender, ethnicity, wellbeing, speaking up and leadership – underpinned by data and reporting.
- Created and published a culture toolkit to educate and guide best practice across the market.
- Published a culture dashboard (July 2020) showing the current composition of, and attitudes within the market, with the next culture dashboard published in September 2021.
- Undertook research into the lived experience of black and ethnic minority colleagues across the market and published guide to ethnicity in the workplace to share best practices. As part of an increased focus on ethnicity issues, the Corporation also published a 5-point ethnicity action plan and a public recognition of Lloyd's role in enabling the slave trade.
- Inclusive hiring training was offered to all of our charity partners to encourage best practice in the charity sector.

What we will do in 2021

- Continue to challenge and support the market to increase representation of women in leadership positions
- Set an ambition for the market and Corporation for one third of new hires to come from an ethnic minority background.
- Increase collection of ethnicity and other diversity data.
- Launch the Accelerate leadership programme for future B&ME leaders.
- Hire an archivist to catalogue over 3,000 historic Lloyd's artefacts within the context of our role in the slave trade.
- Develop our social mobility strategy and new partnerships that promote improved access to the market for under-represented groups.

1. Our commitment to human rights

Community impacts

Community involvement is at the heart of our values at Lloyd's. Over the next five years, our ambition is to create measurable positive outcomes by running one of the leading community engagement programmes in the insurance industry.

We manage three independent charities and a volunteer programme (the Lloyd's Charities Trust, Lloyd's Patriotic Fund and Lloyd's Tercentenary Research Foundation). We also work with the Lloyd's Benevolent Fund, established in 1829, which provides financial assistance to individuals working in the market who have faced exceptional circumstances. All charities have their own trustees made up from professionals across the Lloyd's market, external experts or from academia.

In 2020, through the Society, Lloyd's charities, and our COVID-19 response fund, we donated £13.9m, supporting 313 organisations globally. In addition, 700 volunteers from the market and Society gave their time and support more than 1,800 people in our local communities in London through our formal programmes.

Lloyd's Charities Trust continued its partnership with Habitat for Humanity Great Britain with the aim of helping those most vulnerable in society become more resilient to disasters, particularly in Malawi. Whilst Covid meant staff were not able to take part in the planned build in Malawi, we have found other ways to support the charity, both through fundraising and also pro-bono support and collaboration. We will continue to support the charity through fundraising efforts and look at potential ways for those who were meant to be going to Malawi to volunteer at one of the UK-based projects. Lloyd's will also be offering other pro-bono support e.g. meeting room space and expertise from the market.

Lloyd's Patriotic Fund launched its new partnership with Combat Stress and RFEA (the Forces' Employment Charity) in March 2020 and over the next three years will help military families adjust to civilian life. We also extended some of the training and development available to insurance businesses in our market to our charity partners, meaning seven organisations received free guidance on how to put in place inclusive hiring practices.

Relevant links

- [Modern Slavery Act statement](#) ☉
- [Supplier Code of Conduct](#) ☉
- [Sustainable Procurement](#) ☉
- [Talent Development](#) ☉
- [The Future at Lloyd's](#) ☉
- [Standards of business conduct at Lloyd's](#) ☉
- [Data Collection toolkit](#) ☉
- [The Clear Company](#) ☉
- We also have a Human Rights Policy, Whistleblowing Policy, Anti-Bullying and Harassment Policy, Diversity and Inclusion Policy and Talent Development Policy for the Corporation of Lloyd's.

Our commitment
to fair labour



Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; and

Principle 4: the elimination of all forms of forced and compulsory labour; and

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

2. Our commitment to fair labour

Introduction

Without world-class talent, Lloyd's cannot remain a leader in the global insurance marketplace. With this reality in mind, Lloyd's continues to strive to make progress in attracting, developing, and retaining talent. As part of this, we recognise that we can broaden the skillset of our employees by creating an inclusive workplace and providing equal opportunities for everyone, regardless of race, nationality, gender, and religion. Lloyd's complies with all equal opportunity, civil rights, human rights and labour laws, and conducts an annual review (the Culture survey) to gauge progress on attitudes to inclusion and diversity.

Inclusivity

As part of our commitment to create a diverse and inclusive market we lead Inclusion@Lloyd's, a market-wide group representing senior leaders from across the Lloyd's market, providing strategy, governance and best practice for Lloyd's and the wider insurance market.

In 2020, we launched our Ethnicity in the Workplace guide, highlighting the experience of black, Asian and minority ethnic colleagues using personal stories and data collected from more than 900 employees market-wide.

2020 was our sixth year of sponsoring the Dive In Festival for diversity and inclusion in insurance. Spread across three days, events took place in 35 countries and attracted more than 30,000 participants in a virtual global event. This year, the festival concentrated on the importance of the collaborative action of local voices to create a global impact on inclusion. The theme of authenticity and perspective encourages participants to think about the aspects of diversity and inclusion that enable us to bring our whole selves and our unique experiences to bear on our shared challenges.

We continue to support our gender-inclusive employee resource group (Inspire) and our Cultural Awareness Network, providing greater access to senior leaders and a platform for colleagues to share ideas and network at all levels across the Corporation, in addition to the Families Network, the Personal Assistant Network, Pride and Allies and Workability (encouraging disability-friendly practices in the Corporation).

Across the sector we continue to sponsor and support cross-market initiatives, such as the Gender Inclusion Network for Insurance and the Balance programme, bringing together leaders to share best practice on gender balance and to help them become advocates for gender parity. This is also our second year sponsoring ACIN, and we continue to encourage support for resource groups across the market through our Inclusion@Lloyd's governing body, comprised of a group of senior executives representing the companies and membership organisations within Lloyd's and the wider insurance market.

2. Our commitment to fair labour

What we achieved

- Launched the Culture Advisory Group, focusing on gender, ethnicity, wellbeing, speaking up and leadership – underpinned by data and reporting.
- Published a 5-point ethnicity action plan and made a public recognition of Lloyd's role in enabling the slave trade.
- Published guide to ethnicity in the workplace to share best practices.
- Delivered the sixth Dive In festival with virtual events in 35 countries and more than 30,000 participants.
- The Lloyd's Council adopted a diversity target for 33% of its membership to be either female or from a black and minority ethnic background.

What we will do in 2021

As part of our commitment to improving the experience for black, Asian and minority ethnic colleagues, this year we have voluntarily reported our overall ethnicity pay gap for 2020. The Society reported an ethnicity pay gap of 15.3% mean and 6.1% median. In addition, the Society has also opted to further report our pay gaps for black (19.7% mean; 19.3% median), Asian (14.4% mean; 2.1% median) and mixed/multiple ethnic background (9.4% mean; -4.9% median) colleagues.

In June 2020, the Society apologised for the role played by Lloyd's in the 18th and 19th century slave trade. In acknowledging our own history, we committed to focusing on the following actions to improve the experience of black, Asian and minority ethnic colleagues:

- Invest in programmes to attract, retain and develop black, Asian and minority ethnic talent in the Lloyd's market, including launching our 'Accelerate' programme – a modular programme to develop ethnic minority future leaders across the market.
- Review our employee and partner policies, as well as our organisational artefacts, to ensure that they are explicitly non-racist.
- Commit to education and research. We will educate our colleagues and continue our research into the experiences of black, Asian and minority ethnic professionals working in insurance, and share what we learn with the market.
- Provide financial support to charities and organisations promoting opportunity and inclusion for black, Asian and minority ethnic groups.
- Develop a long-term action plan in collaboration with our Culture Advisory Group, black, Asian and minority ethnic colleagues and white allies who will inform our journey and hold us to account.

As part of our long-term ethnicity plan, we will also publish our requirements for data collection across the market and our ambition to increase ethnic minority talent.

2. Our commitment to fair labour

Gender equality

The Corporation has a long-term commitment creating greater gender equality within the organisation and throughout the Lloyd's market, and has made continued progress in 2020 towards our goals.

Our 2020 mean gender pay gap is projected to improve by more than 1.5% (the data will be finalised by November 2021). This maintains a continually improving trend and in our most senior leadership roles (Council, Executive Committee and their Direct Reports) we are close to parity in representation. Continued improvements to the gender pay gap will require a sustained focus on recruiting and actively supporting women throughout their careers as well as addressing the barriers that get in the way of their success.

Like many financial services firms, we employ broadly equal numbers of men and women at entry levels, but this representation does not extend to senior levels. Addressing the gender pay gap requires commitment at both the senior levels and investment in our future generation of leaders. To help redress the balance, in addition to expanding our family care policies, our Lloyd's Advance development programme for women aims to develop future women leaders through targeted development, mentoring, sponsorship and networking. In 2020, we saw two cohorts of women successfully complete the Advance programme, with additional cohorts announced for 2021. Our commitment is to an enhanced gender balanced plan to meaningfully close the gender pay gap.

We will work to achieve our phase one target of 35% female representation in leadership positions across the Lloyd's market by 31 December 2023. We will continue to reduce the Society's gender pay gap, and work to ensure that Lloyd's market Boards and Executive Committees combined will have at least 20% female representation by 31 December 2023.

Lloyd's is a signatory of the Women in Finance Charter, a UK Government-backed initiative designed to improve gender diversity in senior positions across the financial services sector. As part of our commitment, we set a target to achieve at least 40% male and at least 40% female representation in our senior management population by 2021.

We carried out several other steps to promote gender equality, including:

- Running unconscious bias awareness learning and supporting resources for senior leaders.
- Supporting the [Working Forward campaign](#) to support new parents, which has led to the recent introduction of gender-neutral parental policies in the UK.
- Increasing the frequency of our market-wide female development programme, [Advance](#), and implemented mandatory inclusive hiring workshops for all hiring managers that will help us achieve our gender targets.

What we achieved

- Grew the Advance programme to include a virtual offering, increasing the number of cohorts.
- Put in place a gender balance plan that will set clear and measurable targets for improving the representation of women at senior levels within the Lloyd's market.

What we will do in 2021

- Undertake Edge certification to support closure of the gender pay gap.
- Identify the talent pipeline with focus on gender balance and progression opportunities.
- Extend Advance programme globally.

2. Our commitment to fair labour

Wellbeing

The Society has a number of policies, standards and practices to ensure we treat all colleagues with fairness, respect and consistency, and provide them with the necessary support to be the best they can be at work. We have a Code of Conduct, Human Rights Policy and Speaking Up Policy, which are available to employees.

Lloyd's is proud of its market-leading family care policies that are designed to provide employees with the support they need to enjoy happy and healthy working and home lives. In response to COVID-19 we saw the need for an increased focus on our people's wellbeing and over the past year have, as a result, put new policies and practices in place (for details see 'Our commitment to fair labour').

Our Diversity and Inclusion policy is designed to ensure that all employees understand the importance of equality and diversity. A Reasonable Adjustment policy sets out the general principles and procedures for all employees to follow and discuss reasonable adjustments, so that employees with disabilities are not disadvantaged compared with people without disabilities.

What we achieved

- Wellbeing became the priority, supporting during unprecedented times and transition to 100% home working with homeworking financial support.
- Extending policies such as additional 5 days emergency leave for carers plus additional 2 days holiday for all, allowing colleagues the time to volunteer.
- Provision of Headspace app to all employees as part of a mental health support strategy including physical challenges.
- Ran a varied programme of workshops, events and resources to support wellbeing across the Lloyd's market through Wellbeing@Lloyds.
- Continued developing our network of wellbeing champions with 120 trained and visible champions in place.

What we will do in 2021

- Focus on line managers' ability to support mental health and make appropriate early interventions.
- Run interactive challenges to motivate and energise the Corporation to fitness and activity.
- Plan the return to office in a flexible manner to recognise and address personal anxieties.
- Continue to manage our pandemic response in a caring and supportive manner.

Relevant links

- [Lloyd's 2020 Gender Pay Gap report](#)
- [Mental Health at work toolkits](#) ☺
- [Family Guidance](#) ☺
- [5 steps to diversity and inclusion](#) ☺
- [D&I scorecard](#) ☺
- [Business case for diversity and inclusion](#) ☺
- [DiveIn](#) ☺
- [CityParents](#) ☺
- [Inclusion@Lloyd's](#) ☺
- [Inclusive behaviours in insurance](#) ☺
- [Women in Finance Charter](#) ☺
- [Working forward campaign](#) ☺

Our commitment
to the environment



Principle 7: Businesses should support a precautionary approach to environmental challenges; and

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

3. Our commitment to the environment

Introduction

In 2020, Lloyd's published our first Environmental, Social and Governance (ESG) Report, an important milestone which sets out our plans for accelerating the transition to a more sustainable insurance and reinsurance marketplace. The report builds on Lloyd's existing ESG work with a comprehensive market-wide strategy that aligns with the United Nations' Sustainable Development Goals and supports the principles set out in the Paris Agreement.

Sustainable insurance, responsible investment and responsible operations

To encourage product innovation, we have introduced a new allowance of 2% of gross written premiums for new innovative and sustainable products in addition to syndicates' business-as-usual plans. Lloyd's managing agents will be asked to set their own strategies for removing new insurance for thermal coal-fired power plants, thermal coal mines, oil sands or new Arctic energy exploration activities from 1 January 2022 and also for ceasing to renew these insurance coverages after 1 January 2030. This guidance also applies to companies with business models that derive at least 30% of their revenues from these activities from 1 January 2030.

The Society will allocate 5% of the Central Fund to impact investments by 2022. We will phase out new investments in thermal coal-fired power plants, thermal coal mines, oil sands and new Arctic energy exploration activities by the Lloyd's market and the Society by 1 January 2022 and existing investments by the end of 2025. This includes phasing out existing investments in respect of companies with business models that derive at least 30% of their revenues from these activities by the end of 2025.

ESG Strategy and Responsible Business

Lloyd's has a long track record in contributing to the communities in which we operate, and crucially, helping them to recover from disaster. We recognise the importance of the role that insurance plays in protecting society and supporting global economic

growth and are committed to playing our part in the global transition to net zero; from the risks we share and the investments we make, to the way in which we support societal progress more broadly. Our transition plan is set out in our first Environmental, Social and Governance (ESG) Report.

In March 2020 we launched our joint *Renewable energy: risk and reward* series in collaboration with researchers from the Imperial College London Centre for Energy Policy and Technology (working independently through Imperial Consultants). Each report in the series looks at the implications of the exponential growth of renewable energy technologies and key emerging risks for insurers and risk managers.

In July 2020 we published our report: *Supporting global recovery and resilience for customers and economies*, which sets out three open source frameworks that could provide customer protection for further waves of COVID-19 and other future pandemics, as well as strengthening societal resilience against future systemic catastrophic events. These are *ReStart*, *Recover Re* and *Black Swan Re*. "Black Swan Re" is a reinsurance framework for government and insurance industry partnership which could enable insurers to provide non-damage business interruption cover that offers customers more protection from the devastating and long-term impacts of systemic catastrophic events. This structure would enable industry pooled capital to provide reinsurance for the impacts of future Black Swan and systemic events, backed by a government guarantee should the pooled assets become exhausted.

3. Our commitment to the environment

The design of this structure includes the requirement for an initial commercial and industry pooled layer of funds, enabling faster pay-outs to customers, as well as a buffer for governments before they need to step in.

In July, we also approved and supported the launch of our first public-private syndicate set up to insure the storage and transportation of a COVID-19 vaccine to emerging economies as well as the launch of Lloyd's Global Health Risk Facility (GHRF), which will make billions of dollars of insurance coverage available, together with risk mitigation services to help protect and support the global distribution of COVID-19 vaccines as well as critical health commodities.

In September, we launched our report *Building simpler insurance products* to better protect customers, addressing the urgency with which the global insurance industry must invest and focus on clarifying and simplifying its products.

We finished 2020 with the publication of our first Environmental, Social and Governance (ESG) strategy. The report details our ambitions to fully integrate sustainability into all our business activities and represents an important milestone on the journey towards building a more sustainable future. Further detail on our ESG strategy is available on [page 28](#).

Finally, during 2020 Lloyd's achieved certification to ISO 14001 (International Environmental Management Standard).

ESG Response Team

Following the publication of our ESG report and strategy in December 2020, we set up an ESG Response Team who are responsible for replying to all ESG enquiries received from external and internal contacts regarding strategy and our associated commitments. All enquiries will be triaged and directed to the relevant SME or committee for appropriate consideration and comment and responded to as soon as the enquiry has been resolved: ESGenquiries@Lloyds.com

Sustainable Development Goals (SDGs)

Our ESG commitments have been developed in line with the United Nations Sustainable Development Goals (SDGs) and in support of the principles set out in the Paris Agreement. While all 17 SDGs are relevant to our business, we are prioritising six that align best to our core business activities, priorities and purpose. These are:



We are committed to gender equality and equal opportunities for employees at all levels, in terms of employment throughout the market and through our investments.



We have invested significantly to support clean and affordable energy, including modelling climate change risk and insuring customers in the renewable energy sector.



We provide insurance that supports inclusive and sustainable economic growth, and we are committed to protecting human rights within our market, supply chains and business partners.



We have a proud history of innovation, with highlights including the first motor policy through to the sharing economy and low carbon technology. We provide critical insurance to support the success of industries around the world, as well as as resilient and green infrastructure.



We are experts in helping businesses and communities, and therefore the cities they live and work in, reduce their risks and become more resilient.



Improving society's understanding of climate change and its impacts is one of our key priorities.

Source:

<https://www.un.org/sustainabledevelopment/>.

The content of this publication has not been approved by the United Nations and does not reflect the views of the United Nations or its officials or Member States.

3. Our commitment to the environment

ClimateWise

The Corporation is a founding member of ClimateWise, the global network of leading insurance industry organisations.

The ClimateWise principles were developed following consultation between The Prince of Wales's Business & Sustainability Programme, Lloyd's, the Association of British Insurers and other insurance market participants. Lloyd's is an active member of the group, which has more than 30 insurance companies as members, including ten managing agents in the Lloyd's market.

As a founder member, the Corporation of Lloyd's continues to publicly recognise that climate change affects everyone, and recent natural disasters show the cost climate change could cause insurers in the future and the devastating impact it has on businesses and communities.

The latest ClimateWise report can be found at <https://www.lloyds.com/about-lloyds/responsible-business/environment/climatewise> ☺

Reducing our carbon footprint

In 2020, we set a target for the Society to be net zero on carbon emissions by 2025 and we will work with the Lloyd's market to support their own pathways to achieving net zero. We have identified a carbon management plan to decarbonise Lloyd's operations to meet our net zero ambitions.

We are exploring developing a Lloyd's market-wide carbon offset project as part of our 2025 net zero ambitions. We have continued the focus on reducing our energy consumption and associated carbon emissions from our London headquarters, given the majority of our emissions are from the UK. We have:

- Reduced our office space through our refurbishment
- Fully installed LED lights and we recycled 98% of the office waste removed through the refurbishment
- Upgraded the boiler and chiller controls

- Completed a sustainability assessment of all new office space acquired
- Implemented the environmental management system ISO 14001, and
- Engaged our staff in a biodiversity campaign as part of World Environment Day.

The Corporation has been working with Avieco (formally Carbon Smart), our environmental consultants, to track greenhouse gas emissions from our global operations. These are published each year in our annual report. In 2020, we continued to reduce our emissions on a total global basis from 8,364 tCO₂e (tonnes of carbon dioxide equivalent) in 2019 to 6,104 tCO₂e. We have reduced our total global emissions per full time employee (FTE) from 7.3 tCO₂e/FTE in 2019 to 5.6 tCO₂e/FTE in 2020. Lloyd's absolute carbon footprint has fallen by 27% year on year, and 127% since the 2013 baseline.

COVID-19 has impacted our carbon emissions due to significantly reduced flights, business travel and staff commute (falling by an average of 80% across all three categories), reduced use of Lloyd's office space (reducing our electricity usage at One Lime Street by 24%) and a reduction in demand for electricity through our data centres (emissions reducing by 14%). Estimations of the carbon emissions of employees working from home as a result of COVID-19 have not been included. During 2021 and beyond, we will review this if the trend of increased homeworking continues. We will also minimise the impact of our air travel emissions by offsetting them to fund community projects that remove greenhouse gas emissions.

The Corporation has a "zero to landfill" policy with 52% recycle rate and 48% used as fuel for power generation. Lloyd's commitment to waste management is recognised as a Platinum Award member in the City of London's Clean City campaign. Lloyd's purchases 100% renewable electricity for our offices in London and Kent. We also implemented chemical-free cleaning in our UK offices and use a self-charge hybrid car for postal services.

3. Our commitment to the environment

Lloyd's has worked closely with our in-house cleaning contractor and introduced Safe Space, which delivers a safer environment for all building users. Safe Space has been developed to align with the principles of the Global Biorisk Advisory Council (GBAC), which defines the importance of cleaning and disinfecting and sets out procedures for preventative and responsive infection control measures. This includes scientific verification testing and swab testing.

Reduced travel in 2020 is responsible for a reduction of 805 tCO₂e, which equates to a reduction of 0.69 tCO₂e/FTE.

Supply chain management

We expect our suppliers to support sound environmental management principles and reduce their impact through our supplier code of conduct. Among other things, we ask that they:

- Have a written environmental/sustainability policy or equivalent.
- Have effective internal environmental management programmes with adequately trained staff responsible for managing the organisation's environmental performance.
- Try to use products which can be re-used, recycled, used in an energy-efficient manner and which cause minimal environmental damage at all stages of the supply chain.
- Must abide by all legislation and regulations related to the protection of the environment and the handling of dangerous and hazardous materials.

Product innovation

In 2020 the Lloyd's Lab, our InsurTech accelerator programme, had planned to have a focus on decarbonisation. However, the outbreak of the pandemic meant that our focus changed towards that and systematic risks more generally and we moved the decarbonisation theme to 2021 instead.

In 2020 the Lloyd's Lab worked with some advanced technology firms which were helping to reduce the impact of adverse events. One of these utilises decades of UK university research and satellite data to provide actionable predictions of floods, particularly those caused by surface water. They are working on developing advanced warnings to policyholders who are at risk of flooding in time for them to take action.

Another of the Lloyd's Lab InsurTechs, uses satellite data to monitor subsidence to a resolution of a few millimetres. They are now working with insurers in the market to review insured assets, flagging infrastructure which is at high risk of collapse, for example, dam walls.

OASIS Loss Modelling Framework (LMF)

Lloyd's is a founder-member of Oasis LMF and has a seat on the Board. Oasis is an open source catastrophe modelling platform which the insurance industry has made available via GitHub. Lloyd's and other founder members have invested more than £7m to make this available for all.

Oasis has been retained to facilitate the co-development of catastrophe models for flood in the Philippines and windstorm in Bangladesh, bringing together a multinational public-private partnership to build solutions to understand and manage the increasing costs of disasters. We are pleased to join other industry members in supporting Oasis, which is funded by the International Climate Initiative of the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety.

3. Our commitment to the environment

What we achieved in 2020

1. Standards

It is over a year since Oasis took on the management and development of the new Open Data Standards (ODS), which is an open and transparent standard developed by the market. Since then, many firms have confirmed their support and use of the new standards.

2. Software

Oasis has commenced developing a new liability open standard in conjunction with Lloyd's that has all model developers in this space to include AIR, RMS, and Praedicat participating.

Oasis has been working with Lloyd's SMI initiative to help with solutions for developing countries. In conjunction with the Insurance Development Forum (IDF), Oasis has been a key element in the global insurance industry response to assisting developing countries.

What we will do in 2021

For the coming year Oasis is focused on:

1. Continuation of the development of open standards to both cover other areas but also social vulnerability.
2. Further work with the IDF, including UN, development banks and humanitarian agencies to assist with improved local based information on risk.
3. Continued work with Lloyd's SMI initiative to build a framework to developing countries.
4. Further work on our software to improve performance.

What we achieved

- Published our first Environmental, Social and Governance (ESG) Report, an important milestone setting out our plans for accelerating the transition to a more sustainable insurance and reinsurance marketplace.
- Set goals for the market to cease underwriting thermal coal-fired power plants, thermal coal mines, oil sands or new Arctic energy exploration activities.
- Reduced Lloyd's absolute carbon footprint by 27% year on year in 2020, and 127% since the 2013 baseline.
- Achieved certification to ISO 4001 (International Environmental Management Standard).
- Responded to global climate emergencies as appropriate: donations included the Lebanese Red Cross, Charities Aid Foundation and National Emergencies Trust.

What we will do in 2021

- Take the first steps towards implementing the goals set out in the 2020 Environmental, Social and Governance (ESG) Report, including encouraging managing agents to review their underwriting strategies with respect to certain fuel production facilities and power plants.
- Continue to set targets to reduce our carbon footprint and encourage environmentally friendly behaviours across the Corporation and the Lloyd's market.
- Undertake a thorough review of our existing plant and equipment and develop a programme to improve our energy performance certification within the London building.
- Respond to global climate emergencies as appropriate.
- Run further cohorts in the Lloyd's Lab to encourage innovation.

3. Our commitment to the environment

Lloyd's launches new report on the renewable energy sector'

See link: [Lloyd's Launches New Report On The Renewable Energy Sector - Lloyd's \(lloyds.com\) from March 2020](#) ☺

The three reports published in the 'Renewable energy: risk and reward' series in collaboration with researchers from the Imperial College London Centre for Energy Policy and Technology (working independently through Imperial Consultants) delve into key trends & territories; key risks and technologies and integrating renewables into grids and the role of energy storage. Each look at the implications of the exponential growth of renewable energy technologies and key emerging risks for insurers and risk managers.

Relevant links

- [ESG Report 2020](#) ☺
- [Environmental Commitments](#) ☺
- [ClimateWise](#) ☺
- [Environmental Policy](#) ☺
- [Emerging Risks library](#) ☺
- [Climate Action Foreword and Roadmap](#) ☺
- [Energy and Carbon Report](#) ☺
- [Responsible business approach](#) ☺

Our commitment to anti-corruption



Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.

4. Our commitment to anti-corruption

Introduction

Lloyd's complies with anti-corruption laws, has a robust anti-corruption approach, and encourages a supportive environment where employees feel able to speak up. Anti-bribery and corruption and anti-money laundering content is included within the mandatory financial crime essentials training module. Conflicts of interest, gifts and hospitality and diversity in the workplace on-line training modules are also mandatory for all employees.

Financial crime

The Corporation is committed to ensuring the Lloyd's market associated parties and the Corporation itself have robust systems, policies and controls in place to minimise the risk of financial crime. Mitigation of risk covers six pillars of financial crime, namely money laundering/terrorist financing, sanctions, bribery and corruption, tax evasion facilitation, fraud and market abuse/insider dealing. The Corporation also makes sure that the market adheres to the Lloyd's financial crime-related minimum standards and that it complies with financial crime prevention requirements.

Whistleblowing

We continue to strengthen our whistleblowing protocols by increasing the channels people can use to report concerns (e.g. a web-based reporting system, a mobile reporting app, via an internal email address and directly to the Whistleblowers' Champion) and ensuring selected employees are equipped to handle concerns that are raised. More than 1,000 staff members completed the annual mandatory whistleblowing e-learning module over the last year, with others undertaking more specialised training.

We are currently obliged to report to the PRA on the soundness of our whistleblowing systems and controls on an annual basis for each of the years 2020, 2021 and 2022. The 2020 PRA Whistleblowing Attestation will be completed in Q1 2021 and work will be underway in Q4 2021 to complete the Q1 2022 Attestation for calendar year 2021.

What we achieved

- Ensured more than 1,000 Corporation employees completed whistleblowing training, whilst others completed more specialist training.
- Improved communication for all staff around whistleblowing and the channels available to report issues by creating a dedicated whistleblowing page on the intranet and more streamlined guidance for employees, and people managers.

What we will do in 2021

- Further embed and develop the whistleblowing procedures already put in place to all employees.
- Complete an annual update of training materials and make refreshed material available to all staff via multiple channels.
- Continue to assess the design and operating effectiveness of our key processes and controls.
- Continue to review our Whistleblowing service provider for ongoing operating effectiveness.

4. Our commitment to anti-corruption

Relevant links

- [Policyholder complaints](#) ⓘ
- [International complaints](#) ⓘ
- [UK complaints](#) ⓘ
- [Corporation complaints](#) ⓘ
- [Agents complaints](#) ⓘ
- [Lloyd's Arbitration Scheme](#) ⓘ



Our ambition

Thank you for reading our second report, describing our continued commitment to the ten principles of the United Nations Global Compact. We will continue to act on the commitments outlined in this report throughout 2021 and beyond.

At the Corporation of Lloyd's, we have been working hard to develop clear reporting against the United Nations Sustainable Development Goals. It is our intention to encourage all Lloyd's market participants to take a similarly responsible business approach in relation to the Global Compact's ten principles and to measure our own progress alongside that of the market.



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