

Lloyd's Global Compact 2021 Report

Our commitment to
support the United Nations'
sustainability principles



Contents

Foreword from CEO John Neal [↗](#)

About Lloyd's and this report [↗](#) 04

[Our commitment to human rights \[↗\]\(#\)](#) 05

[Our commitment to fair labour \[↗\]\(#\)](#) 08

[Our commitment to the environment \[↗\]\(#\)](#) 13

[Our commitment to anti-corruption \[↗\]\(#\)](#) 18

[Our commitment to support broader UN Goals \[↗\]\(#\)](#) 22

[Our ambition \[↗\]\(#\)](#) 25

Foreword

John Neal, CEO, Lloyd's

Towards a more resilient,
sustainable and inclusive future

September 2022



We are living through one of the most uncertain and volatile periods in memory. With the world still responding to the lingering effects of COVID-19 – and the rapidly materialising impacts of climate change – Russia's invasion of Ukraine in February 2022 dealt a further blow to people and businesses around the world.

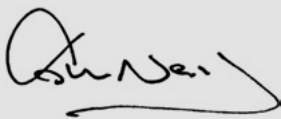
In challenging times like these, people look to insurance to help manage uncertainty. By analysing the risks and offering potential solutions, our industry plays a key role in helping society make bolder, braver decisions. The last year has seen the Lloyd's market step up to this responsibility, helping customers and communities live more confidently in the face of difficulty.

Responding to the conflict in Ukraine, Lloyd's moved quickly to deploy its expertise and resources to support the delivery of a global sanctions regime against Russia, while helping people respond to the devastating humanitarian fallout of the conflict. Our market provided essential backing to the UN and Turkey-brokered deal to retrieve grain supplies from Ukraine's ports, helping address food insecurity and market volatility at a difficult time. Shortly after, we launched a first-of-its-kind facility to insure grain shipments from the region. In July 2022, Lloyd's Futureset launched a landmark report on the potential knock-on impacts across areas like energy transition, supply chains and cyber security – knowing that building awareness on prevailing risks is the first step to building resilience against them.

In the global fight to combat climate change, Lloyd's continued its efforts to support an orderly, but urgent transition to a low carbon economy – one that supports customers as they decarbonise, but moves at the speed required by the task in hand. This aligns with our ultimate ambition to be the insurer of the transition, backed by our net zero targets – in line with the Glasgow Financial Alliance for Net Zero (GFANZ) and the UN's Net Zero Insurance Alliance (NZIA) – covering Lloyd's operations, investments and underwriting. The last year saw us continue our work as Chair of the Insurance Task Force of the Sustainable Markets Initiative – launched by HM King Charles III in his time as Prince of Wales – which has included the launch of a new Supply Chain Pledge to drive greater sustainability across insurance supply chains.

Finally, we took important action to help communities become more resilient and sustainable in the face of challenging times. Continuing our market's history of charitable support, 2022 saw the launch of the Lloyd's of London Foundation, bringing our four Lloyd's charities together into one, efficient vehicle for charitable support. This important step will increase the impact we're able to have in the communities we support: opening doors, unlocking independence and driving tangible progress in living standards and outcomes.

Lloyd's purpose – sharing risk for a braver world – is built on the belief that bravery is possible even in the toughest circumstances. We were proud to help society respond to uncertainty and economic hardship in the last year, and we will continue to work to build a more resilient, sustainable and inclusive future in the years to come.



About Lloyd's and 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 third report on the Corporation of Lloyd's activities (2021) in relation to the Global Compact's ten universal principles for human rights, labour, the environment and anti-corruption as well as our support of broader UN Goals. 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.

Further information on the UN Global Compact can be found here: www.unglobalcompact.org ©



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.



Our commitment to human rights

As a global business, with 180 licences to operate worldwide, 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 and the Modern Slavery Act 2015. In doing so, we underpin the Lloyd's market's purpose of supporting people, businesses and governments by building resilience, reducing risk and helping them recover quickly after disasters by paying claims.

In the Corporation

Lloyd's has a standalone Human Rights Policy which expresses Lloyd's commitments to respect and support human rights, which is approved by our Chief People Officer and the Lloyd's Board. The policy is applicable to all employees, as well as other individuals and organisations working on Lloyd's behalf.

Lloyd's also publishes an annual modern slavery statement that outlines the steps we are taking to address any risk of slavery or human trafficking in our business or supply chains.

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 respect the dignity and rights of each individual who works for us and with us.

In 2021, we completed the annual update of Lloyd's Corporation Modern Slavery Statement and we implemented a rigorous supplier onboarding process. This is to ensure crucial due diligence is conducted as early as possible in the sourcing process. We have continued our market engagement through the Lloyd's Corporate Social Responsibility (CSR) network, which is made up of CSR and Environmental, Social & Governance (ESG) professionals across the market.

Lloyd's updated its Supplier Code of Conduct in 2022 to reflect the standards expected of suppliers, including specific criteria such as:

- A commitment to anti-slavery and compliance with the requirements of the Modern Slavery Act 2015, or equivalent.
- Suppliers must take appropriate steps to identify and reduce risks of child labour.
- Provision of a safe working environment, abiding by national Health and Safety laws.
- Compliance with all applicable national wage and working hour laws.
- Employees and employees of any sub-contractors are provided with a mechanism to enable individuals to raise concerns relating to wrongdoing or malpractice at work such as a Whistleblowing or Speaking Up policy.



Our commitment to human rights

The Sustainability Director has primary responsibility for implementation and monitoring of the Human Rights policy. All managers are responsible for ensuring their direct reports understand and comply with the policy and where applicable, receive training.

To ensure effective monitoring and evaluation with the Human Rights policy, Lloyd's also has several policies in this area, such as: the Consolidated Compliance Policy, which includes whistleblowing policy statements, the Diversity and Inclusion Policy, and there is also a helpline and website 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.

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.

In the Market

Lloyd's principles for doing business

The Corporation has a responsibility to ensure our marketplace works in accordance with our values. We do this through our Principles for Doing Business, which set out the fundamental responsibilities and expectations of how all managing agents should operate. One of the key principles is to ensure managing agents create an inclusive, high-performing culture. See Lloyd's [Principles for Doing Business](#) 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.

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.

In March 2022, Lloyd's issued a record £1m fine to a syndicate for a case of misconduct in the market. We have been clear that we will tackle inappropriate behaviour in our market, whenever or wherever it takes place.

What we will do in 2022 for continued progression on human rights:

- Continue to identify new ways to strengthen our procurement processes.
- Investigate systems and software that enable increased visibility and robust supplier screening.
- Extend the supplier performance and risk management framework to include assessments of modern slavery risk, working collaboratively with key insurance market participants to share best practice and extend the responsible business network.
- Continue to safeguard whistle-blowers as outlined in the Corporations' Consolidated Compliance Policy.
- Assess what our key suppliers are doing with regards to developing their key teams, as well as our employees' knowledge and understanding of modern slavery and human trafficking and where appropriate by developing an e-learning module.

Our commitment to fair labour

Lloyd's aims to secure equality of opportunity in all its activities, and 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 age, disability, gender, marriage and civil partnership, pregnancy and maternity, race (including colour, nationality, ethnic or national origins), religion or belief, sex or sexual orientation. 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. Lloyd's has had no labour-related abuses in the last year.

As part of our commitment to being a responsible business, the Corporation of Lloyd's is part of the Living Wage campaign. Our commitment to the initiative means that all Lloyd's 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.

Lloyd's have various whistleblowing protocols in place, which offer staff multiple channels to report, in confidence and anonymously, any concerns relating to wrongdoing or malpractice at work and inappropriate behaviour. Lloyd's Financial Crime & Compliance team oversee the entirety of the whistleblowing process. The team who is responsible for actioning the issue will depend on the subject matter raised, and HR and Legal teams are responsible for any disciplinary action taken as a result.

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 2021 we developed and launched an Insights Hub, that included culture and diversity data which we gave back to market participants to enable firm level action, along with benchmarks to the market to incentivise cultural change.

Alongside this, we also published our next Culture Dashboard, sharing progress and allowing us to effectively monitor our targets and drive to improve culture across the market and the Lloyd's Corporation.

2021 was our seventh year of sponsoring the Dive In Festival for diversity and inclusion (D&I) in insurance, which is focused on raising awareness and engagement with D&I across the market. The theme for the festival was Active Allyship and it aimed to educate, equip and empower leaders and all people in positions of privilege to understand how to be allies and champions for all. The festival featured 145 events from across 35 different countries, attracting over 31,000 attendees around the world.

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.

Our commitment to fair labour

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 2021 towards our goals. 51% of the global Corporation workforce are female and 36% of leadership positions are female. In 2021 we also met our short-term target of 20% female representation for members of the Council and Executive Committee. Lloyd's also achieved silver EDGE certification standard for gender equality, recognising we have a good level of policy and practices are in place to support gender balance.



What we achieved in 2021 for Ethnic Minorities

In 2021 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:

- Set a 1 in 3 hiring ambition for black and ethnic minorities in the market, the impact of this will be to increase ethnic diversity in the market, from our baseline of 8% of the total market workforce.
- Built on our culture toolkit for the market and are working with market participants to develop their own culture strategies and reporting.
- Launched Accelerate, which aims to improve the pipeline of ethnic minority future talent within the Corporation and the Market, through a modular based development programme targeted at individuals identified as future talent.
- Recognised as a Top 75 Employer in the latest UK Social Mobility Employer Index.

What we achieved in 2021 for Ethnic Minorities with our charity work

- We supported ethnic minority communities in London and started our Sponsors for Educational Opportunity (SEO) London programme in January 2021.
- We enabled 30 interns to come join Lloyd's and the market and of those 30 interns, 80% were from Black and Ethnic Minority (50% Asian, 30% Black), aligning with Lloyd's broader efforts to promote equal opportunity in society).

Our commitment to fair labour

What we achieved in 2021 for improving equality

- Launched Advance, a development programme for future female leaders.
- Throughout 2021 the Pride and Allies Network ran campaigns on how to stand against all types of discrimination as well as an awareness campaign profiling internal role models for LGBT History Month; Transgender Day of Visibility; Lesbian Visibility Day; and International Family Equality Day.
- We saw some small improvements across key metrics in 2021, including an increase in Black and Ethnic Minority colleagues to 23% (from 17% in 2020). Good progress was also made on our path towards gender parity in leadership positions.
- We also saw an overall reduction of 33% in our gender pay gap (from 2017 since first reporting on an hourly wage basis).
- We also voluntarily published our Ethnicity Pay Gap for the first time. Mean pay gap of ethnic minorities is 16%.
- In the Market, we remained stable on our baseline of 29% women in leadership in the Lloyd's market, against our target of 35% women in leadership positions. This target includes Boards + Executive Committees + Direct Reports to Executive Committee (less Executive Committee members also on the Board).
- Progress was made on female representation on Boards 19% (+7pp) and Executive Committees 24% (+6pp), achieving our short-term target of 20% women on Boards and Executive Committees. There is more to do to increase female representation at Direct Reports to Executive Committee level 31% (-2pp), which dipped back.

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.

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 in 2021 for wellbeing

- We have offered wellbeing support and initiatives, including training for Line Managers on mental health, and a series of webinars to support individuals on a range of health and wellbeing topics.
- Wellbeing Champions are available to support people across functions.
- Teams across the Corporation developed flexible working charters, designed to balance the needs of individuals with requirements of the work, tailoring to the difference circumstances in each part of the business.

Our commitment to fair labour

Labour standards

In 2022, Lloyd's established an Employee Change Forum (ECF), which is an elected group of individuals who meet regularly with their respective Executive Committee member for each Directorate. The purpose of the ECF forum is to build an informed, engaged and trusted organisational culture by:

- Creating a framework to gather and represent the views of all employees.
- Allowing regular, open, two-way dialogue between the Executive and an elected group of employees.
- Promoting co-operation between the Executive and employees to enable the Executive to understand and consider the interests of employees in discussions and the decisions that are made.
- Sharing information, thoughts and proposals in a timely manner such that employees' views are heard and, where appropriate, inform Policy and Change initiatives.
- Acting, in a formal capacity, as employee representatives when legally required is there to represent the employee body in culture surveys as well as legal matters.



Our commitment to the environment

We have set a target for the Corporation to be net zero by 2025 in terms of our own operations, and have further strengthened this by committing to transition all our operational and attributable greenhouse gas (GHG) emissions to net zero by 2050, aligning with the Paris Agreement goals to limit global warming to 1.5°C.

This is in line with best practice guidance from the Science Based Targets Initiative (SBTi) and amounts to a 4.2% reduction year on year from a 2019 base year, totalling a 25.2% absolute reduction target by 2025. In 2021 we took steps to make sure we deliver on that commitment, including joining the UN-convened Net Zero Insurance Alliance (NZIA) and focusing on reducing – and where necessary, offsetting – the carbon footprint of our operations.

In 2021, Lloyd's published its second Environmental, Social and Governance (ESG) Report. The report outlines our progress towards building a more sustainable, resilient and inclusive marketplace. The report also 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.

Governance

Environmental principles and stewardship form part of the 'Environmental' pillar of Lloyd's Environmental, Social and Governance (ESG) strategy. Lloyd's has ESG embedded throughout its governance, including bespoke committees to discharge our ESG strategy.

Building on the great work of the ESG Advisory Group and Culture Advisory Group, from January 2022 Lloyd's has introduced a new committee of the Council – the ESG Committee – to assume strategic responsibility for the entire Environmental, Social and Governance agenda. The ESG Committee is supported by a new Sustainability Steering Committee, comprised of senior leaders from Lloyd's Executive Leadership Group (ELG).

Sustainable insurance and responsible investment

To support managing agents in their efforts to reach net zero by 2050, in October 2021 we published ESG guidance for managing agents which includes best practice for establishing an ESG framework, as well as approaches to responsible investment and sustainable underwriting.

The guidance was intended to support each managing agent in forming their own targets and policy. We will therefore use a climate transition measurement approach to determine the market's progress towards this ambition. The Sustainable Markets Initiative Insurance Task Force will develop this framework in order to track and measure the market's progress, ultimately supporting a net zero underwriting position by 2050.

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.

Our commitment to the environment

Sustainable Development Goals

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: Gender Equality, Affordable and Clean Energy, Decent Work and Economic Growth, Industry, Innovation and Infrastructure, Sustainable Cities and Communities and Climate Action.

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 www.lloyds.com/about-lloyds/responsiblebusiness/environment/climatewise ©

Environmental risk impact and assessment

During 2021, Lloyd's took part in the Bank of England's Climate Biennial Exploratory Scenario (CBES) exercise, which provided a detailed climate change stress test for the banking and insurance industry. This exercise was designed to stress-test the resilience of the UK financial system to the physical, litigation and transition risks related to climate change.

Following the CBES exercise, Lloyd's has drawn the following conclusions and outcomes:

The Lloyd's market is fundamentally well placed to manage climate risks. While there is inherent complexity and uncertainty in how the future climate pathway will develop, Lloyd's has controls and processes in place to manage and mitigate the exposures as they emerge, including:

- Re-underwriting and re-pricing insurance risks each year at renewal, adjusting exposure in line with risk appetite.
- A robust business planning and capital setting process for the market, including annual capital raising in line with risk exposure.
- Independent assessment of the adequacy of reserves for every syndicate, taking account of any emerging trends.
- Holding a well understood, short-term and liquid asset portfolio across the Chain of Security, in line with Solvency II rules, which we would be able to de-risk quickly as financial markets react to a transition.
- Systemic risk research and thought leadership from the Society, which understands emerging risks and supports economies in building back better following any loss, regardless of whether this is driven by climate change.

Lloyd's will continue to consider additional key risk indicators for climate-related risks to include in our risk appetite framework.

Our commitment to the environment

What we achieved in 2021 with our commitment to the environment:

- Lloyd's joined the Net Zero Insurance Alliance (NZIA), committing to transition all of our operational and attributable greenhouse gas emissions to net-zero by 2050, at the latest.
- Launched the SMI Insurance Task Force and began delivery of its workstreams and objectives.
- Launched Lloyd's Futureset to better understand, model and mitigate climate risks and published an action roadmap with practical steps to help accelerate the transition of multiple industries to net zero.
- Released ESG Guidance which includes best practice for establishing an ESG framework.
- Introducing a requirement for insurance businesses operating in the market to submit their own ESG strategy to the Corporation, as part of the 2023 syndicate business planning process. This must evidence a credible pathway to net zero underwriting by 2050 their net zero target plan.

Reducing our carbon footprint

Lloyd's has tracked and disclosed its own emissions for a number of years, with the help of environmental consultants - Avieco. In that time, we have seen strong progress with our overall carbon footprint falling by 57% since the 2013 baseline. Our international offices have reduced their emissions by 54% since the 2013 baseline.

Following the drastic fall in emissions seen in 2020, when the Lloyd's building and international borders were closed due to COVID-19, our emissions saw a small uptick in 2021 of 0.8% (on the previous year) following the resumption of activity in our London and global offices.

While we were disappointed by the increase on the previous year, the fall in emissions per employee of 12.5% – from 5.6 tCO₂e/FTE in 2020, to 4.9 tCO₂e/FTE – indicated that our underlying emissions are continuing to fall.

Waste Management

The Corporation of Lloyd's is supportive of the landfill tax (£82.6/tonne of waste disposal to landfill) and we are proud to have a "zero to landfill" policy. In 2021, 61% of the waste from UK offices was recycled and the remaining general waste was used as fuel for power generation.

The Corporation's catering team in the UK is working hard to reduce our carbon footprint and has eliminated single use plastics from our restaurants by changing our disposable products.

Our waste contractor has carried out a survey of the various recycling aspects at Lloyd's. They have produced a report and we are engaging with them on what improvements can be made. To limit food waste, between April 2020 and June 2021 the Catering Team redistributed 173,501 meals, which would have otherwise gone to waste, across 17 charities.

During 2021, Lloyd's had no environmental incidents.

What we achieved in 2021 with our emissions:

- Reduced emissions per employee of 12.5% from 2020.
- Our electricity consumption in Lloyd's UK offices has reduced by 16%.
- Actively reduced travel with more emphasis on the use of IT infrastructure for communication channels. Our flight emissions have decreased by 61%.
- Developed our flexible working arrangements enabling staff to work remotely.
- Undertaken a review of our existing plant and equipment and developed a guide path to install more efficient machinery based on capital spend

Our commitment to the environment

What we will do in 2022 with our emissions:

As the vast majority of Corporation emissions (91%) are generated in the UK, we are therefore targeting much of our energy and carbon reduction activities on our London headquarters. We are working to see a reduction in emissions, across all measures, in 2022, and to achieve this, we will focus on:

- Continuing to reduce the emissions of our London headquarters, through the use of green gas and building improvements.
- Implementing our carbon management plan which was developed in 2021, while continuing to manage our carbon performance through the environmental management system ISO14001.
- Develop an environmental e-learning module which provides information about ISO 14001, Lloyd's environmental targets and the various initiatives Lloyd's has signed up to, and how staff can become actively engaged in reducing their carbon footprint (both in the office and when at home).
- We will publish a roadmap for transitioning our operations to net zero by 2025.



Our commitment to anti-corruption

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 online training modules are also mandatory for all employees. In 2022, Lloyd's added completion of mandatory training to remuneration criteria for all staff, which ensures accountability and understanding at all levels in Lloyd's.

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.

Lloyd's takes a zero-tolerance stance towards corruption, which is supported by all senior leadership. The Head of Financial Crime and Compliance is responsible for all anti-corruption training and monitoring, with direct report to Lloyd's Chief Risk Officer, a member of Lloyd's Executive Committee. The Financial Crime Advisory team identify and assess areas of Lloyd's with increased exposure to corruption and deliver further engagement and training. Internal audit act as a third line of defence, providing assurance on the adequacy and robust levels of anti-corruption oversight.

The Corporation also makes sure that the market adheres to the Lloyd's Principles for Doing Business, of which Regulatory and Financial Crime form one of the thirteen principles. This principle ensures managing agents have robust frameworks in place to assess and address financial crime risks arising from their UK and international businesses. Frameworks should support compliance with law, regulation and guidance, and allow for well informed, transparent relationships with Lloyd's and applicable regulators.

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

Our commitment to anti-corruption

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. Leadership review the mandatory training and it is now linked to remuneration for all Lloyd's employees.

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. In 2021 we found out our 2020 PRA Whistleblowing Attestation was successful and we prepared and submitted our 2021 one.

What we will do in 2022 to enhance whistleblowing practices:

- Further embed and develop the whistleblowing procedures already put in place for all staff.
- 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 third-party Whistleblowing service provider, Safecall, for ongoing operating effectiveness.
- Continue to raise awareness of Whistleblowing and the channels that staff can use to report a concern.

What we did in 2021 to enhance whistleblowing practices:

- Migrated to a new independent whistleblowing helpline, Safecall, in December 2021. Staff can raise concerns via telephone, with local numbers for all jurisdictions in which Lloyd's operates, or via Safecall's web reporting system.
- 2021 Protect Benchmarking review, conducted by the whistleblowing charity against Lloyd's' whistleblowing framework, awarded Lloyd's a score of 79% which is 8% above the benchmark of other Financial Services firms.
- Provision of weekly reporting on Whistleblowing to the Chief Risk Officer and Head of FC&C.
- Raised staff awareness of Whistleblowing via the updated Consolidated Compliance Policy and the Consolidated Compliance Procedure, intranet articles and pages, updated mandatory Whistleblowing training and via screens in the office at Lime Street.
- Ensured 94% of staff completed whistleblowing training, whilst others completed more specialist training.
- Improved communication for all staff around whistleblowing and the channels available to report issues. This was achieved through a campaign on media in Lime Street, via updates to the dedicated whistleblowing page on the Lloyd's intranet and more streamlined guidance for staff and people managers.



Our commitment to support broader UN Goals

Contributions to UN Goals and Issues

Lloyd's aims to help the market develop relevant products that contribute to UN goals/issues. One of the ways Lloyd's is doing this is through the launch of Futureset.

Futureset was launched in February 2021 and it is Lloyd's new global platform and community dedicated to driving greater societal and economic resilience to the world's most challenging risks.

The global platform was developed in response to the large and complex challenges and impacts that arose from the COVID-19 pandemic and the urgent need to begin a new connected conversation with customers, insurers, and government tackle the challenges these risks bring.

Through Futureset, Lloyd's aims to build greater societal understanding and collaboration to find sustainable solutions and support greater preparedness, protection and resilience to the growing and interconnected risks that customers face today, and into the future.

Throughout 2021, Futureset focused on the landscape of systemic risks, including exploring lessons learned from the COVID-19 pandemic, as well as examining the growing and global risks brought about by climate change.

During 2021 we dedicated a theme in the Lloyd's Lab (our InsurTech accelerator programme) towards climate change and decarbonisation. A selection of some of the successful insurtechs who benefited from collaboration with Lloyd's were:

- Tesselo is a geospatial intelligence firm that delivers solutions to monitor natural resources and reduce climate risk.
- Jupiter Intelligence deliver climate risk analytics of multiple perils in spatial resolutions from portfolio to asset level, globally and across flexible time horizons and climate scenarios.
- CarbonChain helps companies automate the accounting of their carbon emissions. They conducted a pilot looking at the carbon emissions of the companies that we insure and are now working on wider work directly with the market in 2022. More information about Lloyd's Lab's partnership with CarbonChain available on our website.

Social Investment and Philanthropy

In March 2022, we announced that we will be partnering with Schroders Solutions to create a new investment platform offering institutional investors the chance to co-invest in the Lloyd's market, alongside the Central Fund. While the platform will provide a range of benefits from economies of scale to simpler reporting, it also aims to support Lloyd's net zero ambitions by giving investors focused access to ESG funds. Criteria on objectives such as carbon emissions and sustainable governance are embedded in the platform funds, allowing investors to fulfil their ESG objectives while supporting our wider efforts to support the transition to a low carbon economy.

Our commitment to support broader UN Goals

Lloyd's philanthropy is facilitated through four charities:

1. **Lloyd's Charities Trust**
2. **Lloyd's Patriotic Fund**
3. **Lloyd's Tercentenary Research Foundation**
4. **Lloyd's Benevolent Fund**

All charities have their own trustees made up from professionals across the Lloyd's market, external experts or from academia.

In addition to these four channels, employees and market participants are encouraged to support causes they're passionate about – enabling us to reach even more great causes around the world. In fact, in 2021 60 charities were supported, reaching nearly 50,000 beneficiaries. Through this, £1.8 million was donated to charitable causes through Lloyd's charities and matched funding.

Through the Lloyd's Community Programme, we worked with 58 market firms and 700 volunteers across the Corporation and the market. We contributed more than 3,000 hours to support our three social mobility partners: The Switch, SEO London and East London Business Alliance. We were also delighted to welcome 12 new Lloyd's University Bursary students who will be undertaking several internships in the market over the course of their university education.

With the COVID-19 pandemic still having an impact on our society, we continued working with Centrepoint, Trussell Trust, Mental Health Foundation, BLESMA and Kent Young Carers to deliver a lifeline to the most vulnerable in our society.

Advocacy and Public Policy Engagement

The Sustainable Markets Initiative (SMI) was launched by HM King Charles III at The World Economic Forum 2020 Annual Meeting in Davos.

At the invitation of HM King Charles III, Lloyd's has brought together leaders from a number of the largest and most influential global insurance firms to form an Insurance Task Force (ITF) as part of the Sustainable Markets Initiative.

Lloyd's has leveraged its leadership on the SMI Insurance Task Force to engage on climate-related issues with several stakeholder groups. Some examples are:

- Lloyd's taking part in HM King Charles III's Terra Carta Action Forum, which included a series of senior stakeholder meetings to progress initiatives and collaboration towards accelerating the transition.
- At COP26 Lloyd's met with the Fijian Prime Minister to take forward a joint-project to develop a bespoke disaster resilience cyclone resilience solution for the country, to better protect its citizens.
- As part of the Task Force and through the Disaster Resilience Framework, Lloyd's are engaging with the Inter-American Development Bank (IDB) to determine a project that can help protect electric utilities in the region, including the renewable projects.
- To unlock insurance industry assets as a vehicle for funding green investment, the Task Force proposed to the Chancellor that the Government sponsors a joint insurance industry, Bank of England and HMT Taskforce to recommend changes to facilitate climate-mitigating investments.

Our commitment to support broader UN Goals

What we will do in 2022 with the SMI:

- Develop and launch an industry pledge for greener insurance supply chains.
- Initiate projects to pilot the disaster resilience framework in a selected low- to middle-income country, as well as continued engagement with developed market governments to explore premium financing options via aid budgets.
- Continue the development of an open-source framework to enable measurement of the transition towards net zero underwriting and promote engagement with key insureds, in addition to establishing an enhanced partnership approach for industry measurement initiatives.
- Support the development of blended finance solutions that channel increasing amounts of private capital into sustainable development projects across low- to middle-income countries.
- Convene the financial services task forces to develop end-to-end approaches for financing critical transition activities and innovation.
- Shaping new insurance solutions with a specific focus on infrastructure and agriculture, including exploring the adaptability of current crop insurance models to low- to middle-income countries to protect farmers and food security.

Partnership and Collaboration

As a marketplace, Lloyd's understands the power of collaborative action. In addition to Lloyd's work on the SMI Insurance Task Force, Lloyd's has joined the Glasgow Financial Alliance for Net-Zero (GFANZ) and the Net-Zero Insurance Alliance (NZIA). As part of these partnerships, Lloyd's aims to share developments and insights on the roadmap to net zero by 2050, as well as contribute to solving common challenges and dilemmas within the insurance industry and have positive impact on our value chain.



Our ambition

Thank you for reading our third 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 2023 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.





Twitter @LloydsOfLondon
LinkedIn [lloyds.com/linkedin](https://www.linkedin.com/company/lloyds)
Facebook [lloyds.com/facebook](https://www.facebook.com/lloyds)

© Lloyd's 2022 All rights reserved

Lloyd's is a registered trademark
of the Society of Lloyd's.

This brochure has been produced by Lloyd's for general information purposes only. While care has been taken in gathering the data and preparing the brochure, Lloyd's does not make any representations or warranties as to its accuracy or completeness and expressly excludes to the maximum extent permitted by law all those that might otherwise be implied.

Lloyd's accepts no responsibility or liability for any loss or damage of any nature occasioned to any person as a result of acting or refraining from acting as a result of, or in reliance on, any statement, fact, figure or expression of opinion or belief contained in this brochure. This brochure does not constitute advice of any kind.