

LLOYD'S ENERGY & CARBON REPORT

Lloyd's recognises that our global operations have an environmental impact and we are committed to monitoring and reducing our emissions year-on-year. We are also aware of our reporting obligations under *The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018*. As such, this year we have upgraded our energy and carbon reporting to meet these new requirements and increase the transparency with which we communicate about our environmental impact to our stakeholders.

2019 PERFORMANCE

This year we are pleased to announce that we have reduced our emissions for the fifth consecutive year on a total global¹ basis from 9,732 tCO₂e in 2018 to 8,363 tCO₂e in 2019 – a reduction of 14%. In addition we have reduced our total global emissions per FTE by 23% from 9.4 tCO₂e/FTE in 2018 to 7.3 tCO₂e/FTE in 2019. Other notable trends include:

- **Scope 1** – the 24% reduction in our total global scope 1 emissions this year is related to reduced usage of liquid fuels in our estate and a 3% reduction in natural gas usage in the UK
- **Scope 2** – we have achieved a 13% reduction in our location-based emissions from electricity. The primary driver for this reduction is a 4% reduction in electricity usage in our London headquarters and the decarbonisation of the UK grid by 10% compared to 2018
- **Scope 3** – our selected supply chain emissions have reduced by 8% in 2019. This is the aggregate impact of a 9% increase in flights offset by reductions in emissions from paper (related to changes in consumption and conversion factors), water and our third-party data centres

ENERGY AND CARBON ACTION

We work hard to reduce our energy consumption and associated carbon emissions through the course of each year. Given the majority (91%) of our emissions are from the UK, our energy and carbon reduction activities are focussed on our London headquarters. During 2019 we have:

- **Replaced heat pumps and are testing and replacing VSDs** (variable speed drives) in the air handling units in our building conditioning systems. Both of these measures will save energy and increase staff comfort going forward
- **Commissioned LED lighting replacements** in 3 Galleries of our main building as part of our Better Working Environment (BWE) project. This will reduce our building lighting load should be visible as a carbon reduction during 2020
- **Installed eco-friendly urinals** throughout our London headquarters which have been producing water savings of over 50% since installation – the impact of this measure can already be seen in our UK emissions from water in 2019 (38 tCO₂e in 2019 compared to 48 tCO₂e in 2018)
- **Switched our petrol car for hybrid** in our post room operations, reducing our emissions

¹ 2019 performance refers to reported location-based totals, which are the summation of the UK emissions and Global emissions (ex UK) displayed. The data is displayed in this manner to comply with the requirements of the SECR regulations

2019 RESULTS

We continue to work with Avieco (formerly Carbon Smart) to report our emissions on an annual basis. We report on all material global emissions in scope 1 and 2, plus selected scope 3 emissions, using an operational control approach. The methodology used to compile our (Greenhouse Gas) GHG emissions inventory is in accordance with the requirements of the following standards: the WRI GHG Protocol Corporate Standard (revised version) and Defra's Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (March 2019).

Scope	2019 (tCO ₂ e)			2018 (tCO ₂ e)			Global grand total %age change
	UK emissions	Global emissions (ex UK) ⁴	Global grand total emissions	UK emissions	Global emissions (ex UK)	Global grand total emissions	
Total scope 1 (natural gas, company cars, other fuels, refrigerants)	1,312	-	1,312	1,702	17	1,719	-24%
Total scope 2 (location based)	4,578	642	5,220	5,253	768	6,021	-13%
Total scope 2 (market based)	-	670	670	-	781	781	-14%
Total scope 1 + 2 (location based)	5,890	642	6,532	6,955	785	7,740	-16%
Total scope 3 (employee cars, flights ² , public transport, commute, paper, waste, water, data centres, T&D)	1,739	92	1,831	1,886	106	1,992	-8%
Grand total scope 1,2,3 (location based)	7,629	734	8,363	8,841	891	9,732	-14%
Grand total scope 1,2,3 (market based)	3,051	762	3,813	3,588	904	4,492	-15%
Carbon intensity location based (tCO ₂ e/FTE)	8.4	3.0	7.3	11.0	3.9	9.4	-23%
Total energy usage (kWh) ³	26,248,211	1,511,863	27,760,074	28,339,592	1,933,550	30,273,142	-8%

Table 1 – Energy and carbon disclosures for reporting year 1st January – 31st December 2019

AVIECO OPINION STATEMENT

This statement provides the Corporation of Lloyd's and its stakeholders with a third party assessment of the quality and reliability of the Corporation's carbon footprint data for the reporting period 1st January 2019 to 31st December 2019. It does not represent an independent third party assurance of the Corporation's management approach to carbon reporting.

Avieco has been commissioned by the Corporation of Lloyd's to calculate the Corporation's carbon footprint for all its UK and international activities for the 2019 annual report. Through this engagement Avieco has assured the Corporation that the reported carbon footprint is representative of the organisation and that the data presented is credible, coherent and compliant with appropriate standards and industry practices. Data has been collected, reviewed and calculated following the WRI GHG Protocol Corporate Standard (revised version) and latest Defra methodologies an adherence to the best practice reporting principles of relevance, completeness, consistency, transparency and accuracy. Where there are omissions or limitations, these have been clearly identified and justified.

² All flights have been attributed to the UK as travel information is from a central provider and splitting individual office contribution out is not practical at this time

³ Energy reporting includes kWh from scope 1, scope 2 and scope 3 employee cars only (as required by the SECR regulation)

⁴ This work is partially based on the country-specific CO₂ emission factors developed by the International Energy Agency, © OECD/IEA 2019 but the resulting work has been prepared by Lloyd's and does not necessarily reflect the views of the International Energy Agency

Our work has included data reviews with key personnel, both in the UK and in key international offices, a review of internal and external documentation, interrogation of source data and data collection systems including comparisons with the previous years. We have concluded the following:

Relevance

We have ensured the GHG inventory appropriately reflects the material GHG emissions of the Corporation across its operations in the UK, and internationally, during 2019 and serves the decision-making needs of users, both internal and external to the Corporation.

Completeness

The Corporation of Lloyd's continues to use the operational control approach for defining the scope of its GHG emissions inventory and calculates total direct scope 1, 2 and major scope 3 emissions. Reported environmental data covers 100% of contracted staff worldwide; the review includes all the Corporation's entities that meet the criteria of being subject to control or significant influence of the Corporation. Given the distribution of the Corporation's international estate (a high number of small sized properties), data on some emissions sources remains challenging to obtain, and therefore has been excluded from the Corporation's overall GHG emissions summary for 2019 for example: refrigerants, company owned/leased vehicles and national rail from non-UK offices.

Consistency

In order to ensure comparability, we have used the same calculation methodologies used in previous years. The Corporation has included market and location-based reporting of its scope 2 emissions in 2019, in line with WRI GHG Protocol recommendations. In aligning their reporting to SECR regulations, Lloyds have included the breakout of global and UK emissions and included energy metrics and commentary for the first time – to ensure consistency they have also retrospectively upgraded their prior years reporting to ensure comparability.

Transparency

To accompany the GHG statement, Avieco have supplied to the Corporation, appropriate references to the accounting and calculation methodologies, assumptions, estimations and any re-calculations performed.

Accuracy

To our knowledge, data are considered accurate within the limits of the quality and completeness of the data provided. Due to their small size, not all of the Corporation of Lloyd's international offices have the capability to report on GHG emissions related activities. As a result, the Corporation has collected data from offices representing 86% of their international headcount and applied estimations for the rest of the non-UK operations on an average tCO_{2e} per employee basis.



Ben Murray, CEO, Avieco Limited



Julie Craig, Director, Avieco Limited