



Environmental, Social and Governance Report 2021

Building a more resilient,
sustainable and inclusive
insurance market and society

Strategy and Governance

Introduction: 'Building trust and ensuring accountability'

Lord Sedwill, Senior Independent Director and Deputy Chair

Governance is sometimes said to be the overlooked sibling in the ESG triplet. Unlike the more visible environmental and social objectives, it rarely makes headlines and is often viewed simply as the means by which the environmental and social agenda are delivered.



That is central to the governance function – but it also encompasses an important set of issues in its own right: cyber security; data protection; market resilience; geo-political risk; and economic volatility to name a few.

Lloyd's is committed to embedding the entire ESG agenda at the heart of our market and to leading the wider insurance sector to a sustainable, resilient and inclusive future.

Good governance is about transparency, trust and accountability. In 2021, we refreshed our governance for the Lloyd's Corporation to provide more focused oversight of our ESG plans, ensuring they receive the managerial attention required while enabling us to respond more effectively to the evolving nature of the ESG agenda.

Building on the great work of the ESG Advisory Group and Culture Advisory Group over the past two years, 2022 has seen the introduction of a new principal committee of the Council – the ESG Committee – to assume strategic responsibility for the entire agenda, supported by a new Sustainability Steering Committee, comprised of senior leaders from Lloyd's Executive Leadership Group (ELG), responsible for delivery.

With three centuries of history on which to draw, and an appetite for innovation, we are committed to patient endeavour across the Lloyd's Corporation and Society to advance our ESG plans, responsive to changes in the external environment while maintaining the market's competitive edge. The new ESG Committee will focus on the future, looking for opportunities to stretch ourselves further, while holding ourselves to account for progress against the commitments we have already made.

We look forward to working with the rest of the Lloyd's market in that endeavour.

Our ESG Strategy

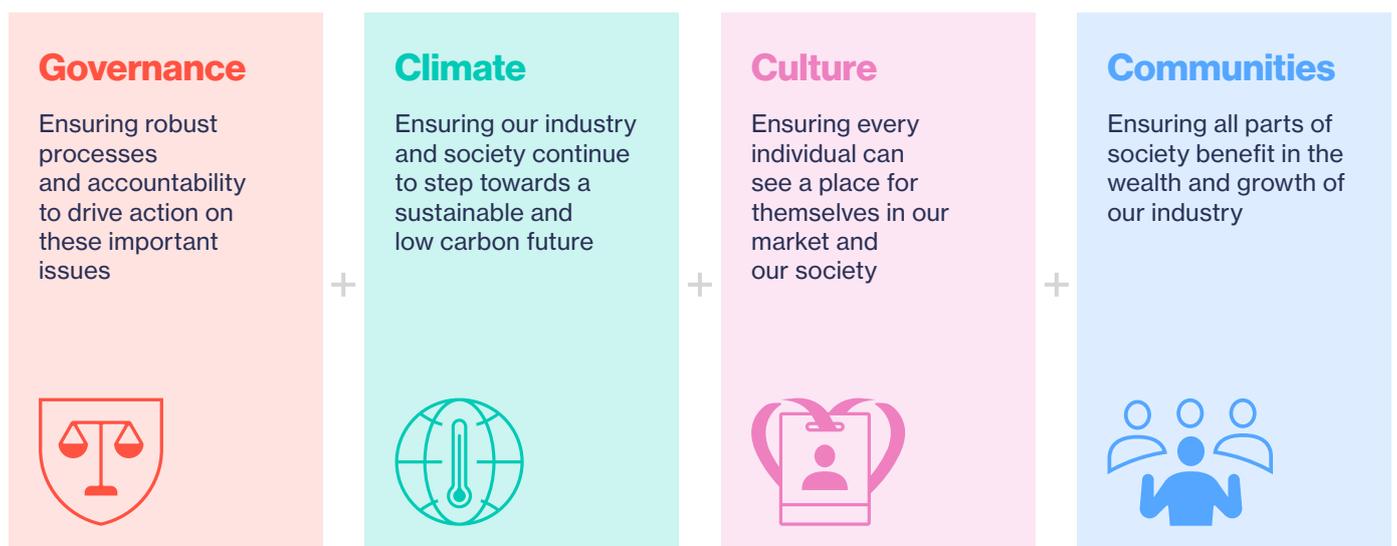
Embedding ESG across the market and Corporation is a top priority for Lloyd’s and is interwoven with our purpose of creating a braver world. In order to build a more sustainable, resilient and inclusive society, we need to think not just about our own actions, but how we can partner with those around us to achieve mutually beneficial outcomes on the issues facing communities and society.

In 2021, we made strong progress in making Lloyd’s more sustainable, resilient and inclusive. These activities are discharged by [Lloyd’s Council-level ESG Committee](#) which combines the Culture Advisory Group and the ESG Advisory Group. Our sustainability strategy and activities focus on the three roles of the Corporation: managing our own operations, leading the market, and bringing people together to solve complex challenges.

Lloyd’s ESG strategy continues to be guided by the [United Nations’ Sustainable Development Goals \(SDGs\)](#), which provide the overarching framework for our ESG strategy, with our activity detailed across our four core ESG themes which form the chapters of this report:

This framework gives us focus and allows us to provide an update of how Lloyd’s has progressed against its ESG plans in 2021; the challenges we have faced; and the opportunities we see for 2022. A detailed view of how these chapters meet the SDG’s can be found in on p.55.

For each of the areas above, we have teams across the Corporation who progress our ambitions with our dedicated Sustainability team, bringing the activity together and ensuring we continued to stay focussed on this strategy and give each area the specialist knowledge it requires.



Our ESG Governance

Lloyd's has ESG embedded throughout its governance, including bespoke committees to discharge our ESG strategy. These responsibilities start with the Council of Lloyd's. Under the Lloyd's Act 1982, the Council undertakes the management and superintendence of the affairs of the Society and has the power to regulate and direct the business of insurance at Lloyd's. Certain functions are reserved to the Council, including:

- the making, amendment or revocation of byelaws (which are available at www.lloyds.com/byelaws)
- setting the Corporation budget
- the setting of Central Fund contribution rates
- appointing the Chairman and Deputy Chairs of Lloyd's
- approving Lloyd's risk appetites
- permitting a company to act as a managing agent
- setting Society level capital requirements

A list of the members of the Council can be found [here](#). Details of the Executive Committee can be found [here](#).

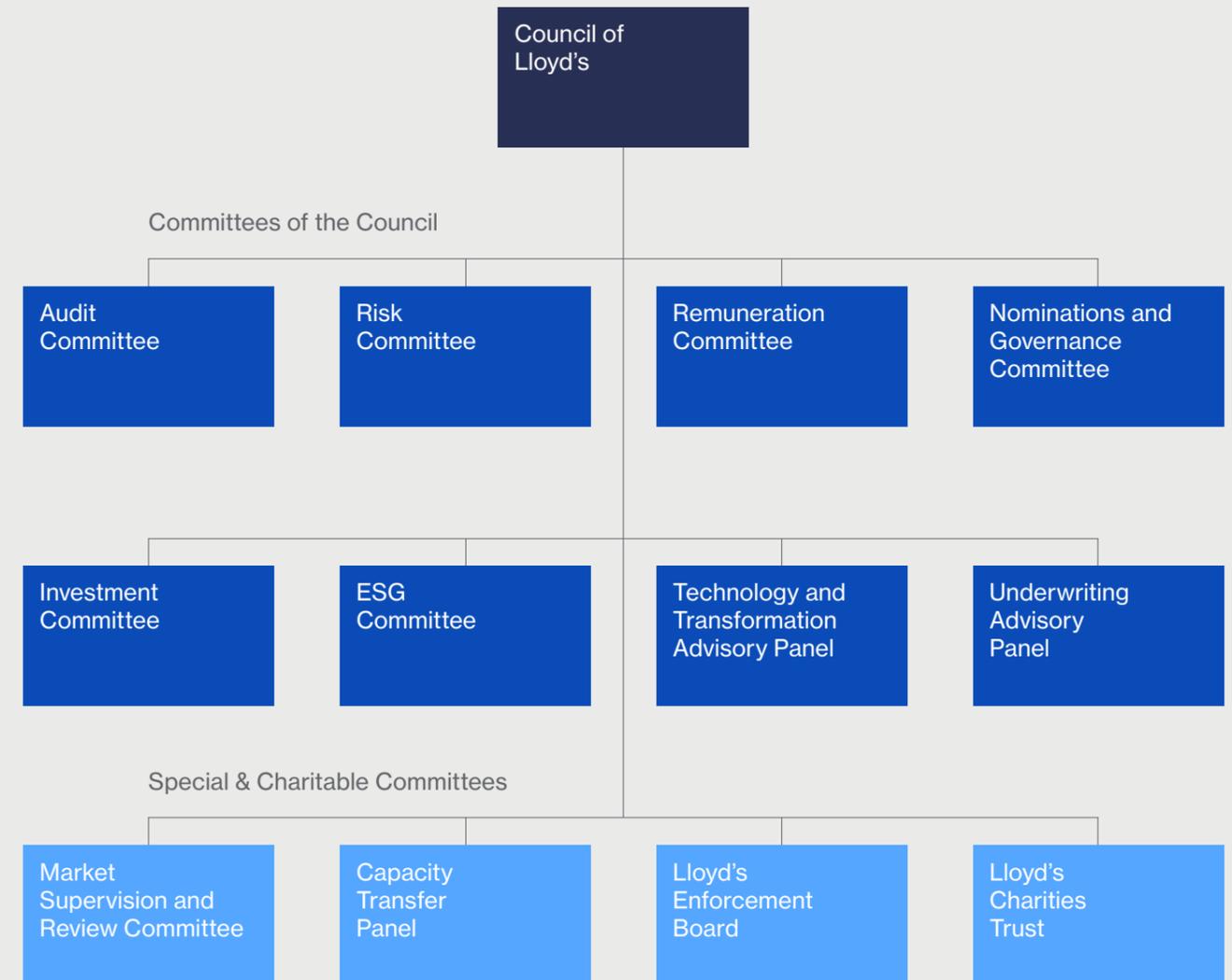
During 2021, Lloyd's Council had regular discussions on topics across climate, culture and communities which were supported through the following bespoke committees in 2021:

- Quarterly meetings of the ESG Advisory Group (ESG Group)
- Quarterly meetings of the Culture Advisory Group (CAG)
- Fortnightly meetings between the ESG Steering Committee, which involved relevant representatives per business function to facilitate decision making
- Regular engagement with the Lloyd's Market Association (LMA), London & International Insurance Brokers Association (LIIBA), Association of British Insurers (ABI), and International Underwriting Association (IUA)

In ensuring our governance keeps pace with the fast-moving nature of ESG, for 2022 we have refreshed our ESG governance to better support the Council and drive our purpose forwards with appropriate focus and stakeholder involvement:

- **ESG Committee** – combining the ESG Group and CAG into one Council-level committee. Ensuring a dedicated committee that meets quarterly to ensure we keep aligned across all of our ESG strategy. The ESG Committee is chaired by Lord Sedwill, the Senior Independent Deputy Chairman of Lloyd's. The remaining members are largely drawn from the CAG and ESG Group and comprise: two Council members; two Market Representatives; four Subject Matter Experts; and four Executive members
- **Sustainability Steering Committee** – replacing the ESG Steering Committee, the Sustainability Steering Committee is comprised of members from Lloyd's Executive Leadership Group (ELG) and includes the key senior leaders from across the business who deliver our ESG strategy

Governance structure



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