



Environmental, Social and Governance Report 2021

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

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'A braver world'

Bruce Carnegie-Brown, Chairman & John Neal, Chief Executive

Insurance has always had a clear social purpose running through it. Built on the idea that the pooling of risk by many can protect the misfortunes of the few, it's an example of how businesses can help society build resilience and confidence.

That idea continues to underpin our industry today. For Lloyd's, it's captured in our purpose of **sharing risk to create a braver world**: by protecting people and businesses when the worst happens, we can enable more confident living in the everyday.

Our purpose has enabled us to stand by our customers through periods of uncertainty throughout our history – giving them the confidence to navigate, withstand and recover from the catastrophes we've faced.

2021 – undoubtedly, a year of continued difficulty in a period of heightened uncertainty – saw us continue delivering on this purpose. Through the lasting impacts of COVID-19; the emerging damage from climate change; and the tragic human and economic costs from Russia's invasion of Ukraine – Lloyd's has continued to help society respond to the significant challenges that have come our way in the last (twelve) months.

These events have again revealed how connected our world's environmental, social and governance systems are. They've also reminded us of the urgent need to mitigate and build resilience against the kinds of shocks we've witnessed in recent years. As a marketplace, we'll continue to respond to these challenges – and to help our customers to do the same, as they face into an enduringly uncertain future.

So as we look back at a year of strong progress against the commitments we made in our first Environment, Social and Governance (ESG) report, we do so with a renewed and emboldened commitment to help build a more sustainable, resilient and inclusive marketplace – in support of our ultimate goal of building a braver world.

2021: Spotlight on ESG

With ESG issues again taking centre stage in the last year; 2021, for Lloyd's, was a formative and foundational year in embedding our ESG plans across our market.

The year of **climate action** saw the global community rally behind the urgent task of tackling climate change, convening around pivotal moments like the COP26 summit in Glasgow. At Lloyd's we've been clear that our market must be the insurer of the transition, supporting customers as they shift their business models and products to low carbon – while leading our industry to develop the solutions that can help society respond to the impacts of climate change.

2021 saw us make new and important pledges against these goals, including our commitment to transition all our operations, investments and underwriting to net zero by 2050 or sooner – a commitment we strengthened by joining the Net Zero Insurance Alliance (NZIA) and Glasgow Financial Alliance for Net Zero (GFANZ). We also brought leading voices together from insurance and beyond through HRH The Prince of Wales's Sustainable Markets Initiative (SMI). As Chair of the SMI Insurance Task Force, we're mobilising the sector to build the tangible, inclusive solutions to build resilience against climate change: from products to support the development of renewable energies, to insurance frameworks that help developing economies respond to natural disasters.

These efforts have aligned with our broader work to build awareness and resilience against **'systemic' risks** – catastrophic events causing multiple layers of impacts across markets, systems and continents – through our research, innovation and collaboration with both public and private actors. From climate change and cyber attacks, to geopolitical conflicts like the one in Ukraine, preparing for these events will be key to helping economies and communities withstand their impacts.

2021 also saw businesses double down on efforts to create a more **inclusive society**, building on the important conversations that followed the murder of George Floyd in 2020. Building an inclusive culture is one of our four strategic priorities at Lloyd's (see p32) – and in 2021 we continued to set, drive and report against our representation and pay gap commitments for gender and ethnicity. We saw good progress against these metrics in 2021, and intend to expand how we collect and report this data in 2022 and beyond.

Finally, the world's **economic recovery** from the COVID-19 pandemic – which in early 2022 has faced the additional challenges of the Ukraine crisis, rising living costs and a burgeoning energy crisis – has underlined the need to help communities recover in the short term and build resilience in the long term. Lloyd's stepped up its efforts to aid these communities in 2021, helping nearly 50,000 individuals through our charitable support – while also sponsoring the innovation and research that can help unearth more inclusive insurance solutions for communities around the world.

Throughout the year, these issues served to cement the role of ESG across our market. This report summarises the progress we've made, and how we plan to continue delivering against our purpose and ESG plans in the coming years.

Our purpose: Leading by example

To make our purpose a reality, we have to be realistic about where we can deliver the most impact – and where we can't. Lloyd's global reach and central position in the insurance industry means we *do* have an influential voice – and that's a privilege and a responsibility we don't hold lightly. But we know we will be most effective when working from a pragmatic assessment of our 'spheres of influence', while partnering with others to expand our reach and impact.

For Lloyd's, those 'spheres' fall in three categories:

Ourselfs

Action starts on your own front door. For us to lead others, we must focus on the impacts of our Corporation, our iconic London building and our 2,000 employees around the world.

+

Our market

As a community of over 50 insurers, 388 brokers and 4,000+ coverholders around the world, we provide vital leadership and oversight to the Lloyd's market – while supporting innovation and discussion across the wider sector.

+

Our society

We know our market doesn't operate in a bubble; the decisions we make affect the communities around us. So our actions should reflect, respond to and support society as a whole. For Lloyd's that means working with customers, governments, regulators, investors and others to tackle the risks we're facing together.

These three spheres underpin our ESG plans and are key to realising the positive impact we want to have on global society. The founding belief is that we are stronger and more effective when acting in unison with, and in consideration of, those around us. This report applies those spheres to our four areas of focus – climate, culture, communities and governance – to demonstrate how we're embedding our purpose across everything we do at Lloyd's.

Towards a braver world

As we look to the rest of 2022 and beyond, we're committed to driving and accelerating progress against our ESG goals.

On **climate**, we'll continue to take a leadership position in being the insurer of the transition, channelling the resolve that was evident at COP26 to make headway against the world's objective of reaching net zero by 2050. We'll do this through our oversight of the market, working with insurers on their net zero plans; our convening of the sector through the Sustainable Markets Initiative; and by driving down our own emissions as an organisation. In doing so, we'll continue to provide transparent reporting against our goals and work with government, regulators, investors and customers to support an orderly, but urgent transition.

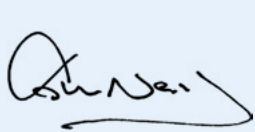
That approach will be reflected across our **culture** plans, where we'll continue to develop and expand our reporting on diversity and inclusion across the Lloyd's market. We'll also launch and embed our new culture strategy for the Lloyd's Corporation, focusing on building an inclusive and high performing culture through our employee capabilities, wellbeing, values and engagement.

In supporting **communities**, we'll continue the great work of our four Lloyd's charities throughout 2022 – while bringing them closer together to provide a single, coordinated vehicle for charitable support in 2023 that will enable more sustainable and impactful initiatives.

And in developing our **governance**, we'll apply our refreshed governance structure to a range of challenges facing our market today – including the current conflict in Ukraine. We're confident that event doesn't pose a threat to our solvency or operation as a market – and we'll continue to work with government, regulators and others to deliver an effective sanctions regime against Russia – but we know the impacts may be with us for a while. To that end, we'll develop and publish new research in 2022 to help insurers and businesses understand and build resilience against the medium and long term impacts of the crisis: from energy security and market volatility, to the cyber and political landscapes that emerge from the conflict.

The next year therefore presents an opportunity, after the foundational progress of 2021, to expand and embed our efforts across our ESG objectives. We know we have a long way to go to deliver these goals – but our commitment to lead is unequivocal, and we believe the progress we've made in the last year signals our ability to continue delivering against our purpose in the years ahead.

We hope this report equips you with a helpful and comprehensive summary of our ESG activity – and we look forward to working with you to build the braver world it imagines.



John Neal
CEO, Lloyd's



Bruce Carnegie-Brown
Chairman, Lloyd's

Building value for stakeholders and benefits for society

The Lloyd's market consists of over 50 managing agents made up of leading (re)insurance companies, 388 registered Lloyd's brokers and a global network of more than 4,000+ local coverholders.

The business written at Lloyd's is brought by brokers and coverholders to specialist syndicates, operated by managing agents, who price and underwrite risks. Much of the (re)insurance capacity available at Lloyd's is provided on a subscription basis – where syndicates of Lloyd's underwriters join together to underwrite risks and programmes. Combined with the choice, flexibility and financial certainty of the market, this makes Lloyd's the world's leading insurance platform.

Behind the Lloyd's market is the [Lloyd's Corporation](#), an independent organisation and regulator that acts to maintain the market's reputation and effective operation. Under one globally trusted name, the Lloyd's market and the Society of Lloyd's share risk to create a braver world.

How we're preparing for the future

Lloyd's strategy is to maintain and enhance the value we offer to our stakeholders:

- **Customers**, ensuring we provide the products and services they need and being there when claims arise
- **Distributors**, offering the capacity to place specialist risks on behalf of their clients
- **Managing agents**, providing access to attractive insurance risk from around the world
- **Capital providers**, giving the opportunity to sustainably invest in different types of insurance risk
- **People**, creating a culture in which every employee can fulfil their true potential

We have four key strategic priorities that are enabling us to deliver value for stakeholders and benefits for society.

- **Performance:** We remain committed to delivering sustainable, profitable performance. The remediation work we have undertaken in partnership with the market, including a requirement for all syndicates to produce logical, realistic and achievable business plans, is bearing fruit and is demonstrated in a strong 2021 full year result.
- **Digitalisation:** The Future at Lloyd's strategy envisions a data-focused, automated, and cost-efficient insurance marketplace. Through Blueprint Two, we are building digital solutions for the market, making it better, faster and cheaper for all participants to do business at Lloyd's.
- **Purpose:** In a year marked by the continued impacts of the COVID-19 pandemic and the need for urgent global action to address the climate emergency, delivering our purpose remains front and centre of our strategy.
- **Culture:** We are committed to creating a diverse, inclusive and high performance culture across our market to attract, retain and develop the best talent.

Delivering impact through our actions

Lloyd's has continued to progress its work across the Corporation and the Market to further our aims set out in our inaugural report

Strengthening our governance

ESG Committee

Established Lloyd's Environment, Social and Governance Committee of the Council



Launched Futureset, our new global platform committed to driving collective action to tackle some of the biggest threats to the global economy

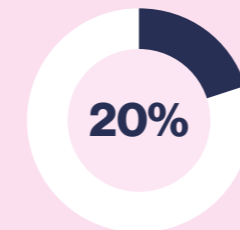
Sustainability Director

Appointed Lloyd's first Sustainability Director and created a dedicated sustainability function

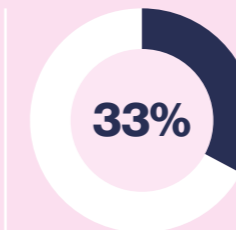
Lloyd's market wide ESG guidance published



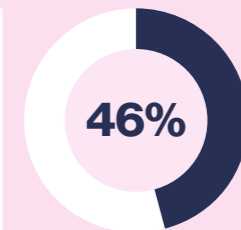
Transforming our culture



Met our short-term target of 20% female representation for members of the Council and Executive Committee



Overall reduction of 33% in our gender pay gap (from 2017 since first reporting on an hourly wage basis)



46% of leadership roles in the Corporation filled by women

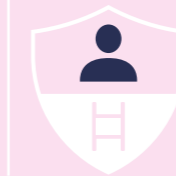
One in three

Set an ambition for one in three new hires in the market and the Society to come from a Black and Ethnic Minority background



Top 75

Top 75 Employer in the latest UK Social Mobility Employer Index



Supporting gender balance

Achieved silver EDGE certification standard for gender equality, recognising we have a good level of policy and practices in place to support gender balance

Taking climate action



Established the Sustainable Markets Initiative Insurance Task Force alongside HRH The Prince of Wales

GFANZ & NZIA

Joined the Glasgow Financial Alliance for Net Zero and the Net Zero Insurance Alliance

Net zero by 2025

Committed to transition the Corporation's operational emissions to net zero by 2025

↓ 12.5%

12.5% reduction in greenhouse gas emissions per employee

£3bn

Committed our £3bn Central Fund to net zero by 2050

COP26

Joined COP26 discussions to drive climate action across the global insurance industry



Launched a Disaster Resilience Framework (DRF) for climate-vulnerable countries

2050

Committed to support the Lloyd's market to a net zero underwriting position by 2050



Welcomed our eighth cohort of start-ups with a dedicated climate theme

Giving back to our communities

50,000 beneficiaries

60 charities supported, reaching nearly 50,000 beneficiaries

3,000 hours

3,000 hours given to support our three social mobility partners

£1.8m

£1.8m donated to charitable causes through Lloyd's charities and matched funding

1,000 volunteers

Engaged with 58 market firms on various charity initiatives with nearly 1,000 volunteers participating in opportunities across the market



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

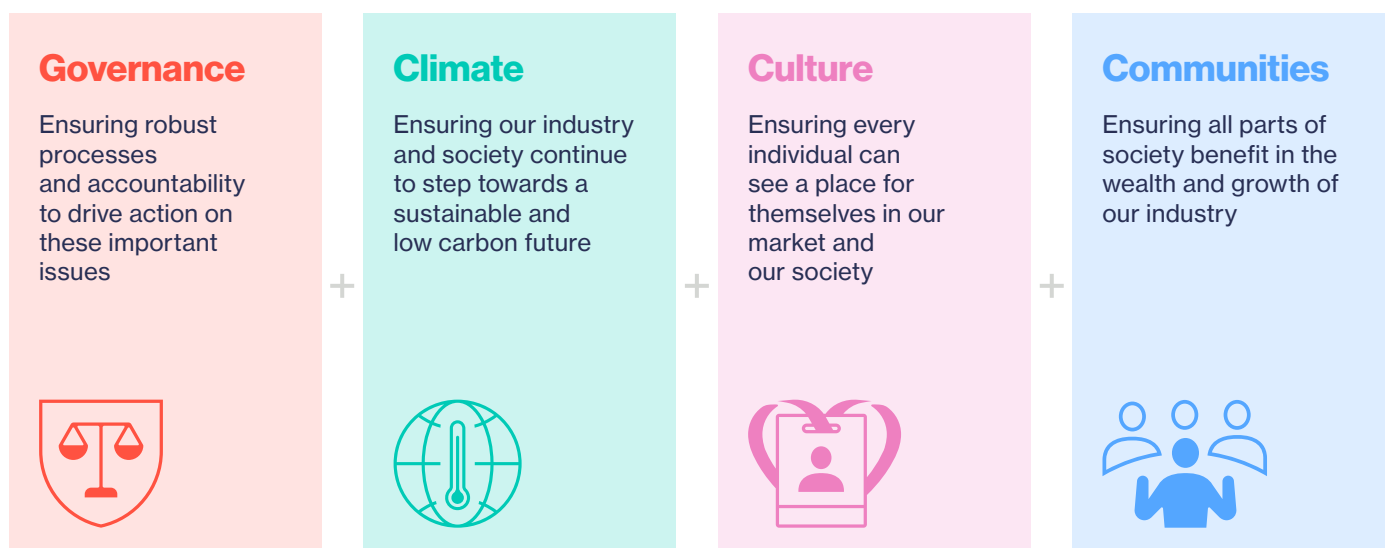
Embedding ESG across the market and Corporation is a top priority for Lloyd’s and is interwoven with our purpose of creating a braver world. In order to build a more sustainable, resilient and inclusive society, we need to think not just about our own actions, but how we can partner with those around 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](#).

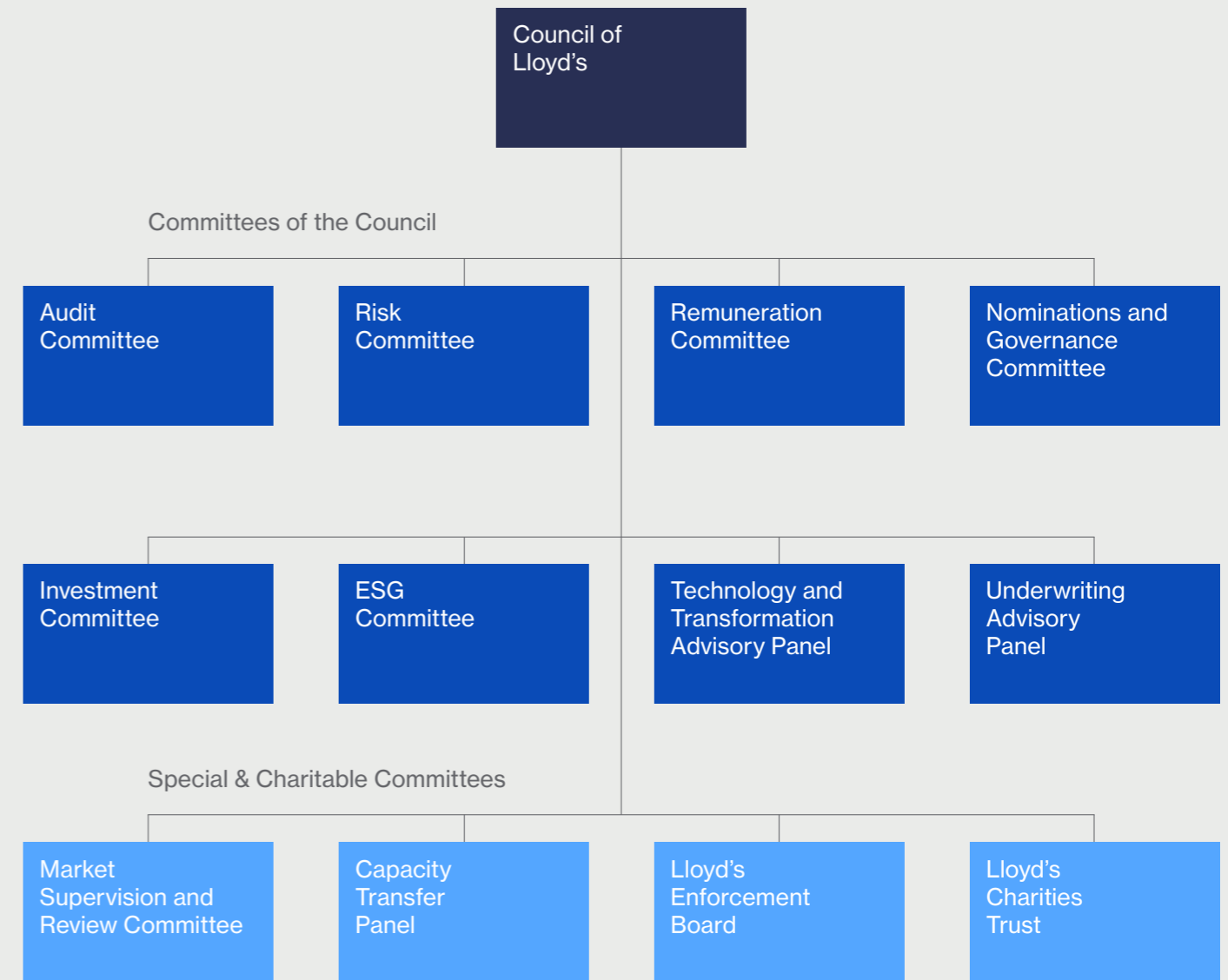
During 2021, Lloyd's Council had regular discussions on topics across climate, culture and communities which were supported through the following bespoke committees in 2021:

- 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





“In our first ESG Report, launched at the end of 2020, we set out a clear ambition for our market to address the challenges and opportunities around sustainability and climate.

We've made great progress against that ambition throughout 2021, as set out in this report. This was only possible through the strong collaboration we've had with our market, governments and the wider insurance industry.

We have much more to do – but by working together we can continue to show progress our goal of being the market that insures the transition towards net zero.”

David Sansom,
Chief Risk Officer, Lloyd's

Introduction: 'Insuring an orderly, but urgent transition'

Rebekah Clement, Sustainability Director

During 2021, Lloyd's demonstrated its ability and resolve to take action to address the challenges and opportunities climate change represents, through a number of strategic initiatives and activities.

R. Clement



Those efforts have laid the foundations for the critical work we need to deliver in the years ahead, as we work to transform our marketplace and enhance the support and confidence we provide to our customers around the world.

Our focus remains on ensuring an orderly, but urgent transition – one that supports our customers as they shift to low carbon models, but also recognises the urgency of climate change and avoids our market becoming a 'market of last resort' for those without sustainable transition plans.

In thinking how we can have the most impact in achieving this goal, 2021 saw us focus our activity on our three 'spheres of influence' – our Corporation, the Lloyd's market and broader society – by creating bespoke targets and approaches for each area.

In starting with **ourselves**, we made important commitments as part of the Net Zero Insurance Alliance (NZIA) and Glasgow Financial Alliance for Net Zero (GFANZ) to transition our operational emissions as a Corporation to net zero by 2025; and the investments from our £3bn Central Fund to net zero by 2050.

These commitments provided us with a new set of goalposts against 2020, broadening our areas of focus to take a more holistic, managing agent centred approach. We believe this will enable us to move at a quicker pace, be more impactful and be in closer alignment with our partners in government, regulation and the insurance industry. We have also committed to set and report against interim science-based targets every five years – ensuring action and accountability along the way.

In seeking to lead **our market** to a more sustainable future, we committed to work with managing agents on their own ESG plans to achieve an overall net zero underwriting position for our market by 2050. To support this, 2021 saw us issue comprehensive market guidance, covering both underwriters and investment to help managing agents in forming these plans.

Finally, in recognising our impact beyond the Lloyd's market, we worked to help **society** transition to net zero through our work with the Sustainable Markets Initiative (see p.24), launching a [disaster resilience framework](#) for developing countries and a [products and services showcase](#) displaying the available insurance solutions for customers as they transition. We continued to produce leading climate reports through our Futureset research platform (see p.26), and brought several new climate innovations to market through our Lloyd's Lab and Lloyd's Product Launchpad (see p.28).

The work is nowhere near done; but we're proud of the progress we made together in 2021 and the start of 2022. Our commitment to insuring the transition remains as strong as ever. By doing so, we can enable and empower brave climate action and innovation across sectors, countries and continents – while helping businesses rapidly decarbonise in support of society's broader transition towards a sustainable, low-carbon future.

Starting with ourselves

The Corporation of Lloyd's is committed to helping guide and lead the market as it responds to, and takes action to address the challenges climate change brings. This includes considering the environmental impacts of the essential shared services we provide for our market, including energy use, building operations and employee travel.

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. 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.

Key achievements for 2021:

- 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
- The Corporation achieved a 12.5% fall in emissions per employee

Our priorities for 2022:

- Launch the Impact Investment Fund to deploy 3% of the Central Fund in investments that support our net-zero strategy
- Launch of our roadmap to get to net zero operations by 2025
- Begin the implementation of our carbon management and reduction plan

Our Corporation emissions

Lloyd's has tracked and disclosed its own emissions for a number of years. 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.

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

		Total scope 1	Total scope 2 (location based)	Total scope 2 (market based)	Total scope 1 + 2 (location based)	Total scope 3	Grand total scope 1, 2, 3 (location based)	Grand total scope 1, 2, 3 (market based)	Carbon intensity location based (tCO ₂ /FTE)	Total energy usage (kWh)
2021 (tCO₂e)	UK emissions	1,609	3,074	-	4,683	888	5,571	2,497	5.7	23,500,425
	Global emissions	15	518	538	534	54	587	608	2.2	1,316,387
2020 (tCO₂e)	UK emissions	1,300	3,493	-	4,792	841	5,633	2,141	6.6	22,847,153
	Global emissions	11	409	432	420	50	470	493	1.9	932,695

To encourage accountability and transparency, in 2022 we will publish a roadmap for transitioning our operations to net zero by 2025. In line with science-based targets, our aim for 2022 is to achieve a 4.2% reduction in GHG emissions (aggregate target of 25.2% by 2025), in order to make headway on our near-term target of net zero by 2025.

Lloyd's is certified to ISO 14001 (International Environmental Management Standard). As a result, we have well established arrangements in place to manage our environmental impact and these are reviewed at various times of the year through compliance audits. A list of annual objectives are produced and we have set a target for the Corporation to be net zero by 2025 in terms of our own operations; as part of this we will quantify our most material greenhouse gas emissions - business travel, offices, and energy consumption.

The Covid-19 restrictions have had a significant impact on the way Lloyd's operates within the London building and on business travel during 2020 and 2021. Our electricity consumption in Lloyd's UK offices has reduced by 16%. We have seen a marked reduction in the daily footfall and flights were not permitted for a majority of the time. Below is a summary of the initiatives Lloyd's has implemented over the past year.

- 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 glide path to install more efficient machinery based on capital spend

Our priorities for 2022 focus on reducing business travel and increasing economy travel, as well as improving cloud-based service and energy efficiency in the Lloyd's Building.

The Lloyd's Central Fund

The Lloyd's Central Fund, totalling around £3bn of assets, provides an additional layer of protection for Lloyd's customers and market participants against extreme events or those with long-lasting impacts. In joining the NZIA in October 2021, we committed to transition the Central Fund to net zero by 2050, redirecting capital flows to green investments that will enable and accelerate the transition. We will publish a detailed roadmap to achieve this goal by October 2022, drawing on best practice from the Net Zero Asset Owner Alliance and outlining interim 5-year targets.

This commitment builds on the strategy we set out for our investments in our 2021 report, including allocating 5% of the Central Fund to impact investments and introducing exclusions to sectors for the Corporation assets and the Central Fund. These exclusions have been met for Corporation assets. We also continue to use ESG scoring as part of our investment process and strengthen this with appropriate data as required.

The Impact Investment Fund was launched in Q1 2022 which will equal 3% of the Central Fund across its lifetime. The remaining balance of the 5% allocation is also being invested in select private assets supporting decarbonisation. The Fund is on target to be fully implemented in H1 2022 and reach £100m. We continue to assess new eligible securities with a view to adding to the fund in a risk controlled and diversified approach.

Lloyd's investment platform

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.

In 2022, our focus will be on:

- Continuing to embed our ESG strategy into our investment framework, including reviewing exclusions policy already implemented across the portfolio
- Exploring allocating 20% of investments to private assets, potentially enabling the Central Fund to achieve net zero targets through Lloyd's investment platform
- Build out and implement our Net Zero framework
 - exploring a reliable, transparent and scalable carbon footprint measure
 - analysis of issuers within Central Fund that are committed to net zero
 - analysis of where issuers stand versus their net zero target plan

Our market

The Lloyd's Corporation plays an important role in overseeing and regulating the Lloyd's market. As part of signing up to the Net Zero Insurance Alliance (NZIA), we committed in 2021 to work towards a net zero underwriting position for the Lloyd's market by 2050, in collaboration with market participants. This complements the net zero commitments for our operations and investments.

The following section outlines the initiatives and tools we are using to support our market's transition to net zero.

Overall achievements for 2021:

- 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

Our priorities for 2022:

- Conduct a market pilot with select managing agents to develop a carbon measurement framework
- Continue to deliver the commitments outlined in our Climate Action Roadmap

Publishing ESG Guidance

While we have set an overall direction of travel for the market, we know every managing agent is unique and will therefore need to adopt their own, bespoke strategies to becoming more sustainable and achieving net zero by 2050. What has become clear is that there is not going to a single approach that is right for all syndicates, each of which will have its own unique book of business.

To support managing agents in these efforts, 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. A full summary of the guidance is detailed below.

The guidance is 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.

Following thorough testing and a pilot with a selected number of managing agents in 2022, Lloyd's expects to implement a 'Sustainability Transparency and Reporting' regime from 2023 onwards. This will allow us to form, for the first time, a market-wide aggregate baseline view of the carbon contribution of underwriting portfolios – thereby enabling the monitoring and reporting of the market's underwriting position.

Summary of ESG Guidance for the market

The Guidance sets out our commitment to make the Lloyd's Corporation and market net zero by 2050, alongside our expectation that each managing agent will implement an ESG strategy throughout 2022 that is fit for their business's systemic risks.

To support this, we set out the following requirements for the Lloyd's market to drive action on our net-zero targets:

Insuring the transition to net zero

- Require a sustainable underwriting approach that continues to support harder-to-abate sectors who have a credible climate transition plan in place, which can be measured and tracked over the years ahead
- Encourage the market to develop new, innovative products, driven by our ambition to cease to provide new cover for thermal coal-fired plants, thermal coal mines, oil sands and Arctic energy exploration activity on 1st January 2022, and phase out of existing cover by 2030

Supporting the 2050 net-zero greenhouse gas emission policy

- Committed to aligning climate approach and activities to government policy in achieving net zero greenhouse gas emissions by 2050
- Work towards a sustainable underwriting approach with a portfolio of customers and business that supports our ambition to achieve net zero by 2050

Tracking and measuring our progress

- Develop a framework to measure and track the market's aggregated progress; thereby preparing for the increasing reporting requirements and demonstrating our contribution in the global transition to net zero
- Test the thesis of the open-source climate transition measurement framework, and run a market pilot with a selected number of managing agents in 2022 to refine and iterate the framework
- Ensure the framework is fit for purpose before the wider implementation of a 'Sustainability Transparency and Reporting' regime from 2023 onwards which will start to collect data and enable measurement of our progress to net-zero over time

Ensuring accountability

Our stakeholders – from customers and regulators, through to market participants, employees and ratings agencies – have a growing expectation of greater reporting and transparency. Regulations such as the [Taskforce for Climate Related Financial Disclosures \(TCFD\)](#) have supported these efforts to ensure accountability.

Lloyd's reports under the ClimateWise principles, which sets out our climate-related activities on an annual basis (see below). In addition, in 2021 we published our second [United Nations Global Compact report](#) outlining our commitment to support the UN's sustainability principles (see Section 7).

ClimateWise

In 2007, Lloyd's was one of the founding members of the ClimateWise initiative – a collaborative endeavour by insurers to drive action on climate change. Since then, ten managing agents within our market (listed below) have signed up to ClimateWise.

The ClimateWise principles were developed in consultation between Lloyd's, the ABI and HRH The Prince of Wales's Business & Sustainability Programme, with a total of over 30 insurance companies taking part in the initiative. The principles align with the Taskforce for Climate Financial Disclosures (TCFD), which we use to ensure our market meets its obligations for reporting against the TCFD guidance.

The full [ClimateWise report](#) includes detailed case studies evidencing each relevant managing agent's compliance with the ClimateWise principles.

Our society

Through the [Paris Climate Accords](#) agreed at COP21, the world has set the ambition to reach net zero greenhouse gas emissions by 2050. As the world's leading global insurance marketplace, Lloyd's has a crucial role to play in supporting this transition.

In delivering our purpose to create a braver world, we are seeking to help society move to a low carbon model by:

- Taking a leading role in advocating for net zero within our sector and financial services, using our leadership of the Sustainable Markets Initiative (SMI) Insurance Taskforce to convene the insurance industry and work with other sectors to drive action on climate change
- Innovating to support the development of new products and services to insure the transition and underpin the green industrial revolution
- Publishing cutting edge research and insights to support the risk community, and therefore society, in building resilience against the impacts of climate change

Overall achievements for 2021:

- 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

Our priorities for 2022:

- Produce research on global supply chains and cyber threats to help businesses manage these risks

Sustainable Markets Initiative (SMI) Insurance Task Force

The Sustainable Markets Initiative (SMI) was launched by HRH The Prince of Wales at The World Economic Forum 2020 Annual Meeting in Davos. With the SMI, HRH The Prince of Wales will continue to champion the fight against climate change by gathering a global 'coalition of the willing', who also share his vision.

As part of the SMI, HRH The Prince of Wales announced the 'Terra Carta' – a charter that puts sustainability at the heart of the private sector. The Terra Carta outlines ten areas for action and comprises of nearly 100 actions for business and Lloyd's is proud to support the Terra Carta.

At the invitation of HRH The Prince of Wales, 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. The ITF, chaired by our Chairman Bruce Carnegie-Brown, has committed to supporting the global transition through launching five key initiatives in 2021 and adding to these in 2022.

SMI Insurance Task Force objectives:

The Task Force is a global industry-led group which is collectively driving action towards great societal and economic sustainability, **accelerating industry transitions to net zero**. The Task Force has already delivered a number of initiatives and continues to be focussed on action across a number of specific areas as set out opposite.



2021 key highlights:

Disaster resilience framework for climate-vulnerable countries

- The Disaster Resilience Framework (DRF) is aimed at proactively protecting countries most vulnerable to rising sea levels and extreme weather events through a novel public-private investment approach
- The framework is adaptable and scalable across multiple developing countries to address climate-exacerbated natural hazards and weather perils

Sustainable Products and Services Showcase

- The Showcase details, for the first time, the wide-ranging commercial insurance support that is available and supporting green innovation across multiple sectors and geographies
- It details insurance coverages across the hydrogen supply chain; solar energy; wind power; and carbon capture; together with parametric and microinsurance schemes protecting coffee farmers in Nicaragua and cyclones in Australia

COP 26 engagement and event programme

- Lloyd's took part in HRH The Prince of Wales's Terra Carta Action Forum, which included a series of senior stakeholder meetings to progress initiatives and collaboration towards accelerating the transition
- 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

2022 goals:

- **Sustainable supply chains:** Develop and launch an **industry pledge** for greener insurance supply chains
- **Disaster resilience framework:** 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
- **Measurement and partnerships:** 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
- **Multilateral development bank taskforce and blended finance solutions:** Support the development of blended finance solutions that channel increasing amounts of private capital into **sustainable development projects across low- to middle-income countries**
- **Financing the transition: Convene the financial services task forces to develop end-to-end approaches for financing critical transition activities and innovation**
- **Innovating customer solutions:** 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

Sharing climate insights

Launched in 2021 as a response to the COVID-19 pandemic, [Lloyd's Futureset](#) is our new global action leadership platform seeking to understand, model and create products that better protect customers against the world's most challenging risks. Through cutting-edge risk research and insights, events, and access to leading experts, we work with our global stakeholders to build society's resilience against systemic risks.

What are systemic risks?

Systemic risks are high impact or catastrophic events where major second, and third-order effects occur and travel great distances.

They can be global in impact, often hitting multiple industries, countries and billions of people simultaneously, with potentially devastating consequences that can shift the way the world operates overnight. We learnt from COVID-19 that businesses, governments and the insurance industry were not prepared for such events on their own. It is now more important than ever to learn from these experiences and prepare for future systemic events.

Since the devastating impact of the COVID-19 pandemic, Lloyd's Futureset has been working with underwriters, brokers, customers and research partners to define the landscape of systemic risks and the actions needed to improve society's resilience.

In the first quarter of 2021, Futureset ran a series of [six systemic risk masterclasses](#), in partnership with the CII and LMA to raise the overall awareness, confidence and capability of the sector to respond to the threat of the next systemic crisis. Our ['Experts Take' video series](#) followed, providing exclusive expert conversations on systemic risks. Since then, we have worked with the Cambridge Centre for Risk studies to deliver foundational research on the landscape of systemic risk research including an interactive dashboard and digital journey.

Our experience during COVID-19 also highlighted the urgency with which the global insurance industry must invest and focus on clarifying and simplifying its products. Lloyd's Futureset has run a product simplification project in conjunction with the LMA to promote ways to improve the clarity of insurance contracts for the benefit of policy holders, and issued [market guidance](#) setting out the actions that Lloyd's expects managing agents, brokers and coverholders to take to simplify their insurance products. In partnership with the Chartered Insurance Institute (CII) we've also launched the [first of two training modules](#) to help educate insurance professionals on the journey of simplifying their products and contracts. This work is a stride forward in our learnings from the pandemic and will help to ensure that we provide the protection that our customers require and that they are fully aware of what they are buying and the limitations of their policy.

Climate change is arguably the largest, most challenging crisis the world has faced. It is a systemic risk which affects financial stability, broader economic resilience, human prosperity and creates uncertainty for the future of our planet. To support the global transition to a low-carbon economy, Lloyd's Futureset is exploring the risks, challenges and importance of decarbonisation across industry, transport and energy. Launched in the lead up to COP26, our [Climate Action Campaign](#) showcased the role of the global insurance industry in supporting customers' transition to a low carbon economy. The campaign was accompanied by an action roadmap identifying key opportunities and tangible actions for Lloyd's and the global (re)insurance industry to accelerate decarbonisation. These actions will be taken forward by a combination of Lloyd's, the SMI Insurance Task Force and the global insurance industry.

In 2022 Futureset will undertake a range of activities across our key themes of sustainability, resilience, and innovation:

- Launching foundational systemic risk research to engage customers, the (re)insurance industry, and governments and regulators on the systemic risk landscape and drive actions to increase society's resilience
- Delivery of our climate action roadmap commitments, including research into sustainable construction techniques and renewable energy sources, and partnering with Lloyd's Lab and Lloyd's Product Launchpad to drive new product innovation for customers' transition and decarbonisation risk transfer needs
- Leading research to profile global supply chains, their risks and opportunities, and the areas where insurers could create products and services to fill protection gaps
- Conducting a cyber focused research programme to help stakeholders effectively understand and manage growing cyber threats, and working with industry partners to raise awareness of cyber protection gaps and promote insurance resilience solutions

Climate Action Roadmap

In July 2021, through Lloyd's Futureset, we published our [Insuring a sustainable, greener future](#) report outlining how the insurance industry will partner with key industries to accelerate the world's transition to a sustainable future.

For each of the sectors identified in the campaign as critical to a successful global transition to a low carbon economy, we articulated a tangible roadmap for action that will help accelerate the transition of multiple industries to net zero carbon. This roadmap will be delivered at pace during 2021 and 2022, by Lloyd's and through the Lloyd's-chaired SMI Insurance Task Force launched June 2021.

We will deliver the following actions through Lloyd's Futureset during 2022:

Greener industry

- **Construction:** Conduct targeted research to explore the insurance implications of sustainable construction practices, including improving understanding of risk factors associated with sustainable building materials and techniques such as modular and mass timber construction

Greener transport

- **Electric vehicles:** Convene a roundtable of companies involved across the electric vehicle ecosystem, and facilitate a product design sprint to develop potential products from ideation to reality
- **Marine:** Lead research to understand the insurance implications of sustainable marine initiatives, including the risk profile of potential maritime fuels of the future such as Ammonia, Methanol and Hydrogen

Greener energy

- **Offshore wind:** Deliver new insights into the offshore wind market, to highlight what good looks like from a risk management perspective. Explore to what extent such practices could be more widely adopted to enable insurers to provide the bespoke cover the sector requires
- **Hydrogen:** Lead activity to improve the insurance industry's awareness and understanding of Hydrogen, clients' coverage requirements, and the role that insurance can play to support the development of the Hydrogen economy
- **Carbon capture & storage:** Drive awareness, engagement and action from the insurance industry to better support emerging sustainable energy solutions

Alongside driving action to deliver on the commitments we've made, Lloyd's has produced a series of [sustainability case studies](#) (see example right) about the customers in our focus sectors operating at the forefront of the climate transition – and the insurers and brokers who support them.



Lloyd's and the Maritime and Port Authority of Singapore (MPA): Pioneering the next fleet of sustainable ports and vessels

Global shipping contributes to approximately 2.9% of global greenhouse gas emissions (GHG)¹. To offset the worst potential effects of climate catastrophe, the International Maritime Organization (IMO) has set a clear target of reducing the shipping industry's GHG emissions by at least 50% by 2050.

To achieve these ambitious targets, ports and shipping companies need to be bold in their decarbonisation efforts. The Maritime and Port Authority of Singapore (MPA) – founded in 1996 – is leading the way. Singapore is currently the world's largest bunkering port and major transshipment hub and supported by MPA has a crucial role to play in the global decarbonisation of the shipping sector, as does the insurance industry.

Marine insurance is a key enabler of global trade and provides the sector with the assurance that it needs to allow commerce to function. The availability of new insurance products can influence decision making by injecting greater confidence among investors to pursue new areas of developments, such as electric vessels and alternative sources of marine fuels.

Lloyd's, MPA and Lloyd's Singapore underwriters plan to collaborate on marine decarbonisation research to further support the sector. MPA and Lloyd's are actively bringing organisations together in joint projects like these to catalyse and co-create maritime decarbonisation solutions across the value chain.

Read the [full case study](#)

¹ <https://www.imo.org/en/OurWork/Environment/Pages/GHG-Emissions.aspx#:~:text=The%20Fourth%20IMO%20GHG%20Study,tonnes%20of%20CO2%20in>

Supporting climate innovation

Lloyd's is committed to supporting climate innovation across the market and has set up a number of facilities to achieve this.

These product innovation facilities ensure that the market has the space needed to innovate or commit capacity to new ventures through the following:

- **Lloyd's Lab:** an award winning space dedicated to accelerating and fostering new products and solutions fit for the needs of our customers around the world
- **Lloyd's Product launchpad:** providing £150m of capacity, the Lloyd's Product Launchpad is a committed to providing a safe space for underwriters to experiment with new ideas in a controlled way, which balances the need for appropriate oversight with the risk of not innovating fast enough. Launched in 2019, and previously known as the Product Innovation Facility, it has given underwriters a space to experiment with new ideas in a safe and controlled way, balancing the need for oversight with the risk of excessive red tape
- **Innovation class of business GWP targets:** allowing syndicates to commit an additional 2% of their Gross Written Premium (GWP) from their business-as-usual plan to a dedicated innovation class of business, encouraging growth in new ventures of approx. £1bn in GWP across the Lloyd's market

During 2021 we dedicated a theme in the Lloyd's Lab towards climate change and decarbonisation. As part of this we had three start-ups join us: Tesselo, Jupiter Intelligence and CarbonChain.

- **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

Lloyd's also continues to encourage climate innovation through our refreshed oversight model. This includes our screening and requirements for the new entrants we welcome into the market; the specific standards on responsible investment or sustainable underwriting included in our oversight principles; or by encouraging innovative ideas as we oversee each managing agent in the market.

In 2021, we saw the launch of Lloyd's first dedicated ESG syndicate (see case study opposite), alongside several innovate products and collaborations that are already solving real world problems in our efforts to decarbonise.



Case study: CarbonChain Boosting transparency on the path to net zero

For the world to transition to a low-carbon economy, we need collaboration on a scale never seen before. Lloyd's and the global (re)insurance industry is playing its part by pairing innovative, green technology businesses with insurers to shape and inform insurance product and service design through the Lloyd's Lab.

CarbonChain – a start-up working to build tech-based solutions for measuring greenhouse gas emissions (GHG) in order to inform underwriting decisions – joined our Lab in 2021. The business was initially set up to focus on the industrial and commodities sectors (oil, gas, metals mining, agriculture, transport) – which account for over half of the world's GHG emissions – but as their database of emissions grew, they saw an opportunity to support the insurance industry. Data on carbon usage proved to be valuable to insurers wishing to run climate stress tests on potential clients with carbon intensive operations.

During their time in the Lab, the CarbonChain team initially partnered with Lloyd's syndicate Atrium, helping them run a pilot programme to understand the emissions of the vessels they were insuring. As the product developed, CarbonChain joined with Tokio Marine Kiln (TMK), with whom they now have a fully operational partnership and live project.

With TMK, CarbonChain are developing a first of a kind framework to measure customers' emissions and compare them with their industry and regional peers, translating this into a "carbon risk rating" that TMK could then consider when considering each policy it is underwriting.

Read more [about the partnership](#)



Case Study: Tierra Underwriting

Tierra Underwriting is helping to decarbonise the global economy by supporting projects that assist with financing the transition to a low carbon future.

Tierra is a Managing General Agent (MGA) that provides credit insurance to support green project finance transactions.

Established in February 2020, their credit product can provide the long-term cover needed – for periods of up to 20 years – to support banks who provide financing for renewable energy projects. The MGA covers a broad range of technologies, from wind and solar, through battery storage to green hydrogen production.

Utilising their combination of insurance and banking expertise, Tierra is well positioned to address the challenge of long-term financing for decarbonisation projects and is able to create tailored insurance solutions for clients to meet their long-term goals.

Tierra believes that with its ability to provide innovative solutions and long-term coverage, Lloyd's was the ideal home for its vehicle.

Tierra is supported by Ascot and Argo syndicates at Lloyd's, who saw both the need for additional capacity in the market and the opportunity that Tierra represents for the insurance industry.

Read more [about Tierra](#)



Lloyd's approves first ESG syndicate, Beazley 4321

In October 2021 specialist insurers, Beazley received principle approval from Lloyd's to establish a new ESG syndicate (4321). The syndicate focusses exclusively on offering additional capacity to businesses that perform well against ESG metrics and began underwriting risks 1 January 2022. To access capital, each policyholder must meet a minimum ESG score provided by third-party rating agencies.

In line with Lloyd's ESG strategy, Beazley believe that acting as a responsible business is crucial to delivering a more sustainable future. Beazley's new venture looks to support and reward business focused on green outcomes, whilst incentivising others to improve, so that they are able to access cheaper follow capacity.

The innovative syndicate has taken an early step in ESG underwriting and is helping to enable customers make difficult decisions for the future, today. The benefits of the syndicate span across the supply chain: for policyholders, who want to include ESG into their insurance purchasing strategy; for third-party capital, who want to invest in ESG compatible business; and for brokers, who have another way to raise awareness of ESG issues with their clients.

Beazley and Lloyds have a track record of creating innovative underwriting vehicles and Syndicate 4321 is no different. On top of the additional capacity the syndicate brings to the market, Beazley have confirmed all premiums will be invested responsibly in line with their own responsible business strategy.

Read more [about Beazley 4321](#)



“We were delighted to appoint Mark Lomas as our new Head of Culture for the Lloyd’s Corporation. His energy and ideas will help power us to become a more inclusive and high performing organisation.

We know the way we show up as leaders has a big impact on the culture of our workplaces – so we’re committing to act, think and hire inclusively to help build a culture we all want to be a part of.”

Sara Gomez
People Director, Lloyd’s

Introduction: ‘Building a more inclusive culture’

Mark Lomas, Head of Culture

We know culture plays a huge role in helping people to thrive, engage and perform. It’s a key driver of both organisational success, and societal outcomes.



That’s why culture is one of our four strategic pillars at Lloyd’s; we know the standards we set for ourselves and our market determine people’s experience of both the workplace and the societies we live in. We want Lloyd’s to be inclusive by design, so talented individuals from all backgrounds can see a place for themselves in our industry.

Again, driving real change starts by considering **our own impact**. The Lloyd’s Corporation employs around 2,000 people, working to help our market run smoothly, so shifting the dial on culture starts with how we treat and support our people.

In 2021, the Corporation continued to set, drive and report against targets for representation and pay gaps on both gender and ethnicity. Encouragingly, these measures all showed positive movement towards a more representative and equitable organisation.

We also have an important role in overseeing **our market’s culture**, working with brokers and insurers to develop their own culture plans while setting and enforcing behavioural standards across the market. In 2021, this saw us announce targeted hiring ambitions across our market for Black and Minority Ethnic minorities (one in three new hires) and women (35% in leadership positions by the end of 2023). These goals, alongside our market surveys to gather and respond to feedback, will help drive action in the long term.

But we also showed our willingness to take immediate action where needed – as we did earlier this year in issuing 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.

Finally, we know that our market does not exist in a bubble; the culture we create and the causes we champion have a knock on effect on **broader society**. It’s why we worked to improve social mobility in 2021, knowing socio-economic background is a key determinant of outcomes. This theme runs through our charitable giving (see ‘Creating Opportunities, p.49) as well as our approach to recruitment and development (see Social Mobility Indicators, p.36). In 2021 we were pleased to be recognised in the Top 75 employers on the Social Mobility Foundation’s Employer Index.

It’s also why we have continued to research and reflect on our history, knowing the events of the past continue to shape our systems and societies today. Our dedicated archivist was appointed in 2021, and in March 2022 we announced a collaboration with Black Beyond Data, from Johns Hopkins University, to create educational resources and a digital platform to bring our archives to life. We have committed to make our findings publicly available and look forward to engaging with a spectrum of voices and views on this important work.

So it was a busy year – but the commitments and plans we’ve announced position us to continue building a more inclusive and high performing Corporation, market and society in the years to come.

Our own culture

We are committed to building an inclusive and high performing culture across the Corporation – knowing it's only by embedding good culture ourselves that we can support the market and society in doing the same. We want Lloyd's to be a place people feel welcome and want to work.

As well as the social benefits of having this right culture, it will also enable us to be the destination of choice for global talent, attracting the right skills and enabling innovation for us to progress as a Corporation and as a marketplace.

We continue to adapt our culture to ensure we stay at the front of the pack. Having started by focusing on defined aspirations and measurement of where we started, we are now focusing on embedding our culture principles and ensuring an inclusive approach for all diverse groups based on our data, insights and engagement forums.

In 2021, we delivered a number of activities to help progress our ambition to create a braver, more inclusive and high performing culture at Lloyd's.

Our culture priorities

We organise our internal culture work in four themes covering the following:

- Leadership Capability
- Wellbeing
- Values and Employee engagement
- Diversity and Inclusion

In practice, this means:

- Developing our leadership capability and making sure we have a best in class leadership development model, informed by open conversations and feedback, and fit-for-purpose development programmes to drive growth in our current and future leaders

- Having values and engagement across the corporation to ensure staff stay and thrive in their roles at Lloyd's. We do this through:
 - Employee engagement survey
 - Pulse surveys
 - Employee change forums
 - Employee resource groups
 - Embedded leadership capability
- Ensure we have a feedback loop from our past and current culture so that we can face issues head-on and learn from these. As a 336 year old business, we know that we don't always get it right, and in 2021 we created a new archivist role to understand Lloyd's history, including our historical links to slavery, and how we can ensure we continue to learn and progress as a result of this

Diversity & Inclusion

We know that diverse organisations perform better, and are better able to provide products and services that are representative of the diverse customers they serve.

At Lloyd's, ensuring we attract and retain the best staff for each role – while enabling colleagues to bring their whole selves to work – is a core part of our culture work.

In practice, this includes:

- A long-term Diversity and Inclusion (D&I) development model that allows us to engage with our current state and measure maturity as we evolve as well as innovate to get to a global, exemplar status

- Embedding D&I across the whole of the Corporation, making sure we have the right:
 - People practices
 - Inclusive procurement and supplier diversity
 - Access and accessibility
 - Communication, events and community engagement
 - Global approaches and practices
 - Data and insights engagement
- Setting up and engaging with dedicated employee forums, which at Lloyd's includes:
 - Groups: D&I Networks focussed on engaging staff around D&I
 - Employee Change Forums: Providing consultation input and embedding engagement
 - Insurance Inclusion & Diversity Forum (IIDF): Engagement Forum on D&I matters
 - Social Mobility Working Group: An engagement forum on Social Mobility Matters
 - Inclusion@Lloyds: An engagement and consultation forum on Market relate D&I matters

Our progress in 2021

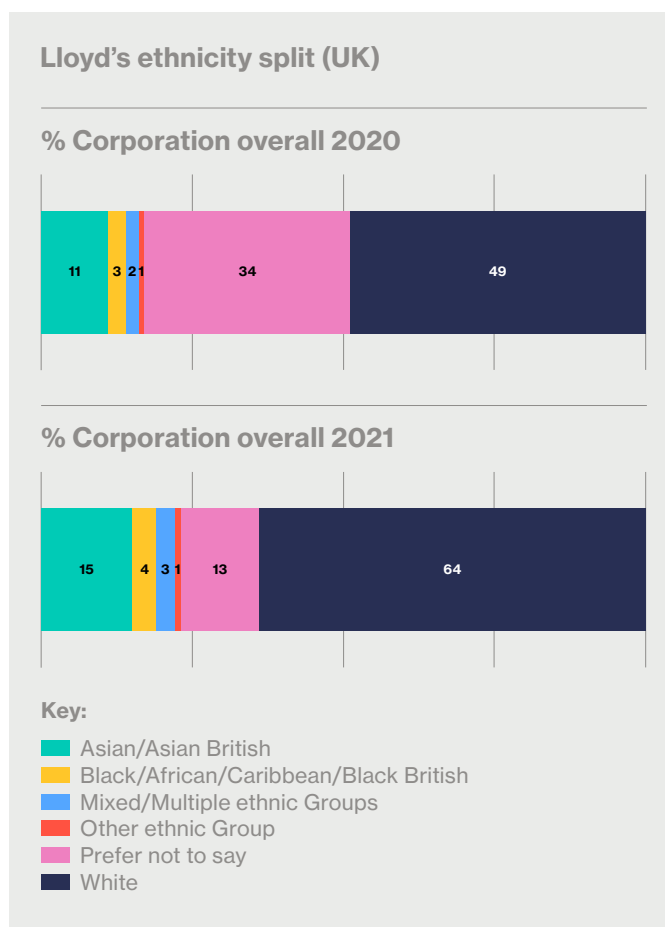
Over 2021 Lloyd's saw some positive progress against our D&I targets, with better reporting across the Corporation and improvements in key areas. However, it is clear we are not done yet, and continue to strive for improvement across all areas.

For the Corporation, we collected more data than ever before to help inform and monitor our progress in the coming years. Specifically, we started collecting UK social mobility data to provide greater insights alongside figures already monitored (covering age, disability, gender and sexual orientation).

We saw some small improvements across these 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. Full details can be found in our [2021 Culture Dashboard](#).

This progress connects multiple inclusion initiatives across the Lloyd's Corporation, including training managers in inclusive hiring; widening the entry criteria for Lloyd's graduate programme; and the [Advance](#) and [Accelerate](#) development programmes for women and ethnic minority colleagues respectively.


Corporation employees, contractors and sub-contractors based in London – including catering, security and cleaning staff – also benefit from Lloyd's commitment to paying [London Living Wage](#).



Social Mobility in the Lloyd’s Corporation

The Social Mobility Commission defines social mobility as the link between a person’s occupation or income and the occupation or income of their parents. Social mobility is measured by a key question: ‘What was the occupation of the main earner in your household at age 14 compared with current occupation?’ Increasingly, organisations are looking at social mobility within their own workforces as a measure of inclusion.

The Social Mobility Foundation run an annual Social Mobility Index which ranks UK employers on the actions they are taking to recruit and develop people from all backgrounds, and how they promote and advocate for social mobility. The Corporation ranked 75 in the [Social Mobility Foundation’s 2021 Social Mobility Index](#), up 10 points from the year before. A summary of the Social Mobility Index feedback is shown opposite and demonstrates progress in five out of seven categories. Strong performances were seen in four categories - Routes into Lloyd’s; Recruitment Practises; Working with Young People; and Attraction. A working group has been set up with representatives from across the Corporation to drive forward an action plan to address the lower scores for Data Collection, Progression and Advocacy.



Pride and Allies Network

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. They also ran three ‘lunch and learn’ sessions for employees with external presenters

Lunch and Learn Topic Areas	Presenter / Partner
Trans 101: The Trans and Non-Binary space in 50 mins	Global Butterflies
Impact of the Global Pandemic on LGBT+ Charities	Opening Doors and Galop
World AIDS Day: Positive Voices	Terrence Higgins Trust

In particular, the Trans and Non-Binary event was very well received and led to many employees adding pronouns to their signatures in support of trans and non-binary colleagues and customers.

“The Pride & Allies network continues to support LGBTQ+ colleagues and also develops allies and raises awareness of challenges the LGBTQ+ community faces through ongoing education. In 2019 we achieved Stonewall Top 100 Inclusive employers ranking and in 2020 were nominated in the Top 10 LGBT inclusive organisations at the British LGBT Awards. Our ongoing objectives are to make Lloyd’s an inclusive workplace where LGBTQ+ talent can be themselves at work and achieve incredible things for the Corporation”

Adam Triggs, Senior Talent & Learning Manager and Chair of Pride & Allies



Culture data

Lloyd's Corporation gender split

Gender		2021
Global	Female	51%
	Male	49%
Leadership	Female	41%
	Male	59%

Lloyd's UK Corporation Ethnicity split

UK Corporation Ethnicity	2021
Black and Ethnic Minority Groups	23%
White	64%
Prefer not to say	13%

Corporation social mobility index scores 2021

Category	Decile	Year on Year
Working with Young People	7	n/c
Routes into the employer	8	+5
Attraction	10	+2
Recruitment and Selection	8	n/c
Data Collection	4	+3
Progression, culture and experienced hires	5	+4
Advocacy	5	+2

Lloyd's sexual orientation

Sexual orientation		2021
Global	LGBT+	2.24%
	Heterosexual / straight	60.45%
	Prefer not to say / no response	37.31%
UK	LGBT+	2.77%
	Heterosexual / straight	74.50%
	Prefer not to say / no response	22.73%





Lloyd's disability

Disability		2021
Global	Yes	1.6%
	No	98.4%
UK	Yes	2.0%
	No	98.0%

Colleague Wellbeing & Support

We support wellbeing at Lloyd's across four areas:

- Physical wellbeing
- Emotional wellbeing
- Social wellbeing
- Financial wellbeing

	<p>Physical Wellbeing</p> <ul style="list-style-type: none"> - Fitness challenges - Health webinars - Wellbeing walks
	<p>Emotional Wellbeing</p> <ul style="list-style-type: none"> - Webinars on mental health - Resilience training and interventions
	<p>Social Wellbeing</p> <ul style="list-style-type: none"> - Coffee mornings with Wellbeing champions - Increase membership in ERG's
	<p>Financial Wellbeing</p> <ul style="list-style-type: none"> - Coffee mornings with Wellbeing champions - Increase membership in ERG's

Across each of these areas we focus on embedding activities at the following stages:

Prevention

- Ensuring a good life work balance supported by flexibility and agility, and underpinned by market leading leave policies
- Ensuring appropriate work equipment regardless of role or any adjustments needed, both in the office and for at home set-ups
- A network of wellbeing champions in each team
- Access to appropriate tools and resources such as the Headspace app, resilience training workshops, and the remote working hub

Early intervention

- Providing access to immediate resources through Doctor@Hand, the Employee Assistance Programme and AXA Stronger Minds
- Mandatory touchpoints for all staff members to share any concerns, including training for people managers on how these should be used and implemented

Post intervention

- Occupational health assessments and a return to work action plan when returning to work after any long-term sickness
- Workplace adjustments and Assistive Technology Implementation



Market culture

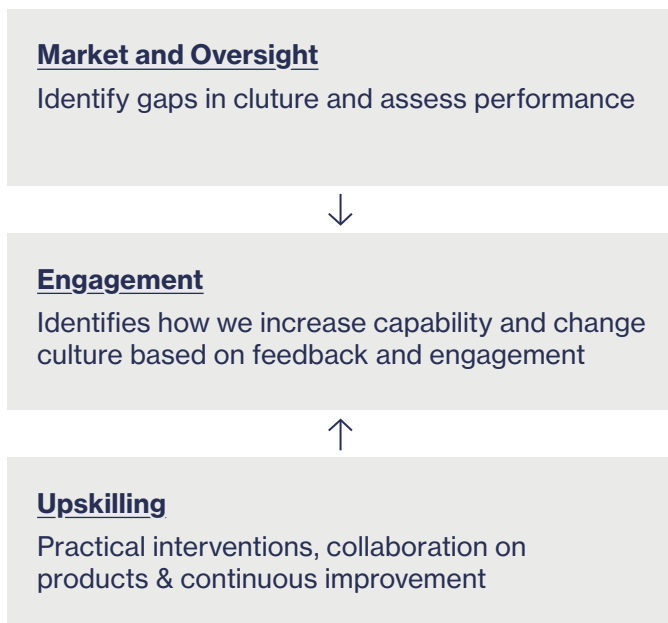
Lloyd's is equally committed in ensuring that the market has the same diverse, inclusive and high-performing culture. As part of our reimagined oversight for 2022, we included culture principles for the first time to reiterate the importance of this as a core requirement for doing business at Lloyd's, including five principles under culture which we will assess all managing agents against.

Market oversight, our five Culture Principles:

1. Demonstrate leadership focus on fostering an inclusive, high-performance culture
2. Ensure behaviour expectations are clear and there is zero tolerance for inappropriate behaviour
3. Encourage speaking up, ensuring there are appropriate tools for employees to do so, and the tone is set from the top
4. Ensure diverse representation within their workforce and their leadership population. Be inclusive in how they hire and retain talent and ensure they reflect society and their customers
5. Understand their employee population, collect appropriate data and take action to create an inclusive employee experience

Market engagement and training

To support managing agents in developing their culture we complement these oversight principles with engagement and upskilling for the market.



This engagement and upskilling takes many forms and, while we are willing to take direct action through the Lloyd's Enforcement Board (LEB) where required, our aim is that these avenues create the right conversations at the right levels to drive change.

Our key engagement and upskilling activities include:

	<p>HRD Forums: Ensuring HRD's are engaged with Lloyd's strategy, tools and annual plans</p>
	<p>Dive In Festival: Raising awareness and engagement with D&I across the market</p>
	<p>Inclusion@Lloyd's: A market wide engagement/consultation forum</p>
	<p>Partner Networks: Six networks that support D&I insurance, GIN, iCAN, NGIN, Families, LINK, iDAWN which aim to raise awareness and engagement around D&I</p>
	<p>Inclusion Insurance and Diversity Forum (IIDF): 60+ D&I leads across the market</p>



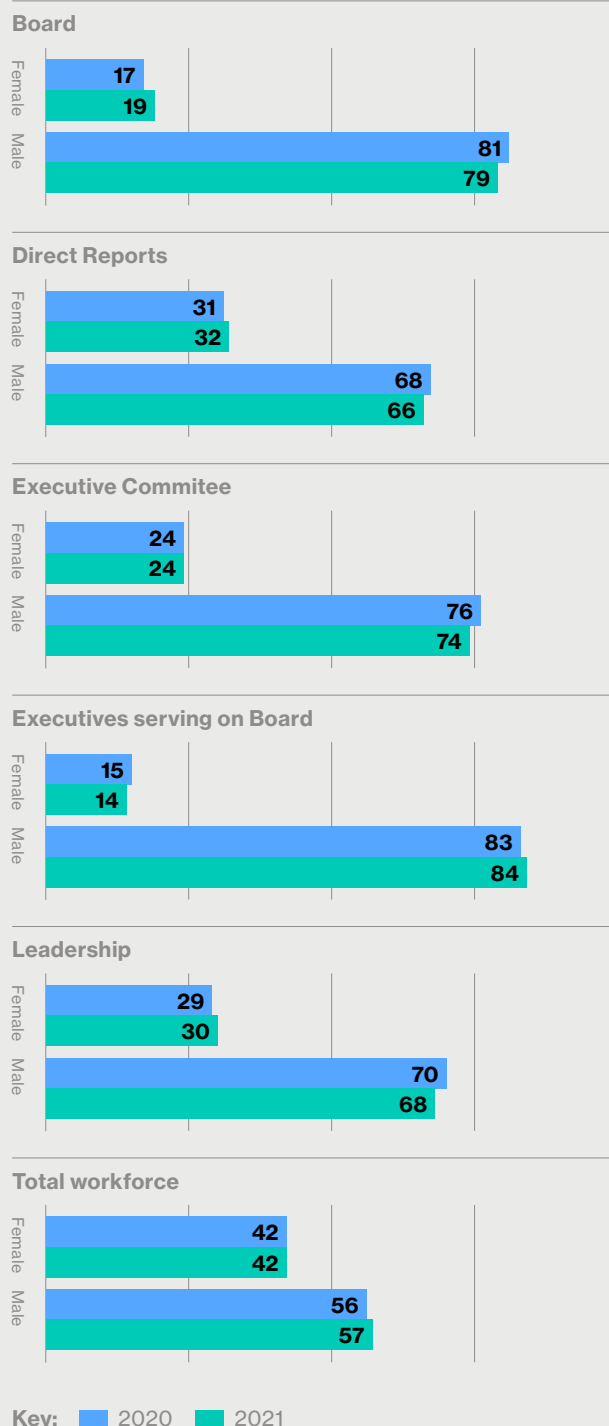
Market measurement:

In addition to our engagement and upskilling, we will track progress in our market through the following:

- **Lloyd’s Culture Survey:** The Lloyd’s Culture Survey provides an annual snapshot of our market culture. It is sent to individuals across the market and used as part of our culture oversight process
- **Market Policies & Practices (MP&P) Survey:** The MP&P Survey measures the maturity of culture practices in order to understand how Lloyd’s can best support the market
- **Lloyd’s Culture Dashboard:** The [culture dashboard](#) draws data from the MP&P Survey and is used to measure progress against our short term market targets for ethnicity (our 1 in 3 hiring ambition for black and ethnic minorities, announced during 2021) and gender (35% women in leadership positions across the market by 31 December 2023)

During 2021 we continued to make progress against our short-term targets, including improving against our 2020 commitment for 35% women in leadership positions by passing 30% (up from 29% in 2020). We also built on [our culture toolkit for the market](#) and are working with market participants to develop their own culture strategies and reporting.

Lloyd’s Market Gender Split at Different Levels (as a %)



Beyond Lloyd's

We know the decisions we make – the way we build our organisation and our market – has a significant effect on the culture of the communities we're part of.

In 2021, we focused on updated our practices to help tackle the issues facing society today.

Exploring our history

In June 2020, Lloyd's took the step of [publicly acknowledging and apologising](#) for its role in the 18th and 19th Century slave economy. We remain deeply sorry for the hurt caused by this period in our history, and the impact it continues to have on Black and Minority Ethnic communities today.

Since then, we've been on a journey of research and reflection to understand the good and the bad in our past. The last year saw us take important steps to achieve that, such as:

- Appointing a **dedicated archivist** (see more details in the right hand panel) to explore and organise our records and collections
- Announcing a **research collaboration** with [Black Beyond Data](#), based at Johns Hopkins University, to produce educational resources and a digital platform to help bring our archives to life for the wider public

As we go through this process, we intend to use all the tools at our disposal – from our recruitment targets and internal processes, to our charitable support and community partnerships – to help repair the lasting damage slavery has inflicted on our society and create more equitable outcomes for the communities affected.



Our archives

In response to our commitments on equality, and building on our public apology for our historical involvement in the slave economy, we created an archivist role to determine which of the approximately 7,000 items in Lloyd's collection have links to the slave economy. The archivist, Victoria Lane, was appointed in September 2021.

The collection consists of paintings, silver, furniture and archives amongst other items. Most of the collection was individually gifted to Lloyd's – or occasionally, purchased – and therefore presents a fragmented version of our history. The findings of our research will be published in stages over the coming years.

'While there are many things about its past that Lloyd's can be proud of, there are parts of our history – such as our market's historic participation in the transatlantic slave trade – which were anything but brave. Lloyd's aim is to acknowledge the positive and negatives in its history in an open and transparent way. This particular research shows how history is relevant now, highlighting the origins of the inequalities that continue to directly affect society today.'

Victoria Lane, Lloyd's Archivist

Human rights and Modern Slavery Statement

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.

In support of the principles set out in the [United Nations Universal Declaration of Human Rights](#) and the [International Labour Organisation](#) core labour standards, and in response to the [Modern Slavery Act \(2015\)](#) we have completed the annual update of Lloyd's Corporation Modern Slavery Statement for 2021.

The key areas of progress made are that we have implemented a rigorous supplier onboarding process 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 ESG professionals across the market. With regards to our employees we have continued to raise staff awareness and safeguard whistleblowers with a refreshed mandatory e-learning module launched in Q3 2021.

Our focus for 2022 is to:

- 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 develop an e-learning module

Financial crime

The Corporation is committed to ensuring that Lloyd's market participants and the Corporation itself have robust systems, policies and controls in place to minimise the risk of financial crime. The Lloyd's framework covers six risk types (pillars): money laundering/terrorist financing; sanctions; bribery and corruption; tax evasion facilitation; and fraud and market abuse/insider dealing – with controls designed to mitigate risk in these areas. The Corporation also oversees market

adherence to Lloyd's financial crime-related expectations and compliance with financial crime prevention requirements.

Within the Corporation, key risks are identified and assessed via an annual risk assessment, with a stated goal of reducing residual risk through the deployment of appropriate controls. Controls in place include staff training, covering each of the six pillars and the maintenance of various internal reporting mechanisms. Lloyd's also maintains ongoing engagement with law enforcement.

Key highlights from 2021:

- Further developed Lloyd's financial crime risk appetite, extending beyond minimum regulatory requirements or expectations
- Developed and deployed procedural documentation to support policy requirements, with the issuance of four 'Standards' documents for both internal and external stakeholder use
- Implemented new sanction screening controls, whilst also working to end Lloyd's association with assets outside of appetite and published a sanctions risk appetite statement

Key focus for 2022:

- Continue enhancing Lloyd's ability to identify and address risk arising from third party populations through implementing enhanced screening measures
- Continue mapping risk in the Lloyd's global network, factoring in the role of each unit
- Deliver more face to face targeted training to key business functions to drive awareness of the risks and controls in place

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 content is included within mandatory financial crime training, whilst conflicts of interest, gifts and hospitality and diversity in the workplace on-line training modules are also mandatory for all employees.

Where Lloyd's engages with third parties, due diligence is undertaken with the application of additional, enhanced measures where appropriate to the nature of the relationship.

Whistleblowing

We continue to strengthen our whistleblowing protocols and regularly review the channels staff can use to report concerns. This includes:

- An independent whistleblowing telephone helpline
- A web-based reporting system
- An internal email address
- Speaking directly to the Whistleblowers' Champion, the PRA or FCA and line managers

We are also ensuring selected staff are equipped to handle concerns that are raised. In 2021, 94% of staff completed the annual mandatory Whistleblowing training, while dedicated members of our Financial Crime and Compliance (FC&C) team undertake more specialised training.

We are required to report to the PRA on the soundness of our whistleblowing systems and controls, on an annual basis for years 2020, 2021 and 2022. The 2021 PRA Whistleblowing Attestation will be completed in the first quarter of 2022 and work on the Attestation for 2022 will begin in the fourth quarter of this year.

What we achieved in 2021:

- Successful 2020 PRA Whistleblowing Attestation
- 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

What we will do in 2022:

- 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



“It’s been such a difficult few years for so many families. The pandemic, rising living costs and a constant stream of worrying news have really taken their toll on people’s physical, mental and financial resilience.

In that context, it’s so encouraging to see how many communities and causes Lloyd’s was able to support in 2021 through its four charities and global network. It reminds us what’s possible when people come together to support causes they’re passionate about.

On behalf of the Board, I’d like to thank everyone from our market who has made it their mission to help communities in need in the last year.”

Vicky Carter,
Deputy Chair, Lloyd’s Council,
Chair of Lloyd’s Charities Trust

Introduction: ‘Supporting more resilient communities’

Jo Scott, Chief Marketing and Communications Officer

Insurance has always had a clear social purpose – the very first schemes were set up on the principle that many people, working together, can protect entire communities. That idea remains a core part of our industry today.



But providing insurance isn’t the only way we protect communities. We can also get behind the charities, colleagues and businesses that are actively working to make life better for people around the world.

That takes many forms, but at Lloyd’s – as with many things – it looks particularly unique. Our broad market structure, global network of coverholders and 350-year history all combine to give us a wealth of deep, longstanding relationships with charities all over the world. Over the last year, that breadth enabled us to support causes from food banks in the UK to sustainable farming projects in Zimbabwe. Through our four charities, and the efforts of employees across the Lloyd’s market, 2021 saw us:

- Support nearly 50,000 individuals around the world
- Provide funding and volunteering support to 60 charities
- Donate £1.8m to global community causes
- Engage 54 companies and nearly 1,000 volunteers across the Lloyd’s market

We’re really proud of these efforts and the tangible difference in living standards and future prospects they’ve made for real people around the world.

In 2021, we focused our efforts on helping communities become **more resilient** – from disaster response charities building community resilience, to mental health charities building individual resilience.

In line with our environmental goals, we also supported causes working to make our communities more sustainable by embedding low carbon models and planet-friendly principles. You will see this is a core theme running through many of the case studies in this chapter.

In line with our broader ESG principles, we also want to support causes that help the world become **more sustainable**, embedding low carbon models and planet-friendly principles. You will see this is a core theme running through many of the causes outlined in this chapter.

And finally, we helped build **more inclusive** communities – creating opportunities for historically marginalised groups such as women, young people and ethnic minorities, while helping all countries and regions to participate in the world’s growth and wealth.

By embedding these principles, we’ve been able to help individuals and organisations around the world play their part in supporting braver, more resilient communities in 2021.

The coming year will see us continue those efforts, while bringing our four charities closer together to provide a single, coordinated vehicle for supporting communities. This will enable us to direct the relationships, resolve and resources of our market towards our charitable efforts – and ultimately, to help communities around the world recover from the pandemic and thrive in an uncertain and changing environment.

How Lloyd's supports communities

Lloyd's charitable support for communities around the world is primarily enabled by four independent charities:

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

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.

Our four charities

1. Lloyd's Charities Trust

Dedicated to building resilient communities by partnering with charities working to reduce the risk of devastation to vulnerable communities. [Lloyd's Charities Trust \(LCT\)](#)

The main channel for this support is through charity bursaries, however LCT also funds the [Lloyd's Community Programme](#) and Lloyd's University Bursary Fund, helping young people from ethnic minority and low income backgrounds to advance in education and their careers.

See *LCT's support on page 49*.

2. Lloyd's Patriotic Fund:

Insurance has a longstanding relationship with the armed forces through post-combat employment and overlapping skills such as procurement, crisis response and risk management.

Founded in 1803, the [Lloyd's Patriotic Fund \(LPF\)](#) is the oldest military charity in existence today. It supports the armed forces community in transitioning to civilian life, a stage that many veterans find difficult due to combat-related mental health issues and employability challenges.

See *LPF's support on page 48*.

3. Lloyd's Tercentenary Research Foundation

The [Lloyd's Tercentenary Research Foundation](#) funds academic research around risk management, in order to support long-term relationships between individuals, institutions, and the insurance sector to better understand and reduce the 'protection gap'.

See *LTRF's support on page 47*.

4. Lloyd's Benevolent Fund

Since 1829, the [Lloyd's Benevolent Fund](#) has provided support to those in the Lloyd's community who find themselves in difficult positions.

See *Lloyd's Benevolent Fund's support on page 53*.

Global engagement

Across our key regions (Americas; Asia Pacific, Middle East and Africa; and Europe), Lloyd's supports 15 charities helping to support further education and resilience projects in communities around the world.

Employee and market engagement

Lloyd's Corporation employees and market participants are encouraged to get involved with causes they're passionate about. The Corporation provides central services to support this, from help identifying opportunities and advising on their impact, to providing matched funding on amounts raised up to £500 per employee per year.

Lloyd's Market Charity Awards

In 2020 and 2021, the market also joined together to run the Lloyd's Market Charity Awards. Over the two years, Lloyd's donated £1m to 59 charities nominated by Corporation and market employees who had gone above and beyond in volunteering and fundraising.



Case study: Coram, Market Charity Award

"I'm delighted and proud that I was awarded a Lloyd's Market Charity Award for Coram, Britain's oldest children's charity.

When we lost my mother, I immediately became part of my father's ongoing relationship with the charity... raising awareness and funds to support their work helping children in need. I have since walked 100km with my sister, chaired a fundraising committee, helped host panel events and even worked in Coram's gardens; but the pandemic hit these fundraising opportunities hard and Coram, like many other charities, suffered.

A substantial award like this one will give a much needed boost to Coram Education in supporting the emotional health and wellbeing of children, which is so important right now."

Annika Halsett Symonds, Partner,
Head of Business Transformation,
Global Investment, Aon



Team Challenges

Team Challenges, run by the Lloyd's Community Programme, engage hundreds of market volunteers in volunteering projects every year – from practical tasks like planting trees, to remote activities like telephone befriending for the elderly.

Through these challenges, 15 organisations were supported in 2021, enabling them to continue supporting critical causes from homelessness to food poverty and isolation.

Who we supported in 2021

Through our four charities, and the work of those in the Corporation and the Lloyd's market, we were able to support a range of causes in 2021 – all helping communities around the world to become more resilient, sustainable and inclusive.

Our support in 2021 covered four categories:

- Building disaster resilience
- Building mental resilience
- Creating opportunities
- Responding to hard times

Building disaster resilience

A core part of Lloyd's mission is to build more resilient communities – both through the provision of insurance to enable braver decisions, and the supporting of initiatives to build long term resilience against climate change, natural disasters and other potential risks.

In 2021, helping communities prepare for times of disaster was a core part of our charitable giving.



Habitat for Humanity

Lloyd's Charities Trust's partner for 2021 was [Habitat for Humanity](#), a nonprofit organisation helping people around the world find shelter and homes.

Across the year, our funding helped build two rescue centres in Malawi for communities in flood prone areas. Habitat for Humanity's 'Participatory Approach for Safe Shelter Awareness' (PASSA) training was also provided to give them the tools to prepare for potential disasters.

In the short term, the centres will be used as community learning centres to create a better environment for children and adult learners. Many teachers are often forced to run classes outside or in low quality buildings, leaving them exposed to extreme weather. In the long term, the centres will provide a base for the community to convene and coordinate: from mobile ante-natal and healthcare services, to community events such as weddings.

Over 21,000 people have directly benefited from the project, with the rescue centres already being used in the face of flooding in January 2022.

"We are very happy to have the Rescue Centre right within our community. Women and children are the most affected when disasters strike. This will be our place of safety and our community home."

Rose Fuluzado, Chairperson of Village Civil Protection Committee for Nkhwazi Rescue Centre

"Natural disasters are a serious threat in Malawi, and the district of Chikwawa is especially prone to cyclical flooding... unfortunately, our changing climate means such disasters becoming increasingly common – so developing infrastructure that allows communities and families to withstand these events is essential."

Tum Kazunga, CEO, Habitat for Humanity GB

Lloyd's Tercentenary Research Fund research projects

In 2021, the Lloyd's Tercentenary Research Fund (LTRF) supported three Lloyd's students and two postgraduate academics on the **Fulbright-Lloyd's of London Scholar Awards**, enabling British academics to conduct risk-related research in the US.



LTRF also funded two large research projects relating to disaster mitigation and resilience building:

- **Future Indonesian Tsunami's: Towards End-to-end Risk** quantification (FITTER): Led by University College London (UCL), this project explored the physical and social impacts of tsunamis in Indonesia and sought to co-develop, with partners and local stakeholders, a model for Indonesian tsunamis on the open platform Oasis
- **Closing the Disaster Insurance Risk Gap for Low Income Households:** This project has designed an implementable, scalable, sustainable, and economically viable parametric microinsurance programme for low-income families. It will work alongside disaster mitigation efforts and be delivered through a public-private partnership

Insurance Industry Charitable Foundation

In Northern America, we continue our partnership with the [IICF](#) to support communities suffering from disaster. In 2021, we supported relief efforts following Hurricane Ida. Our donation was distributed via the Second Harvest Food Bank, which provides non-perishable food and other supplies to those most affected by extreme weather in South Louisiana.

Building mental resilience

For communities to thrive, resilience must be built on both an individual and a societal level. In 2021, Lloyd's supported several charities working to promote good mental health and wellbeing.

Combat Stress

The Lloyd's Patriotic Fund also partnered with [Combat Stress](#) in 2021 to support armed forces veterans and their families to reintegrate into society.

The partnership has enabled pioneering research to be produced building an evidence base for occupational therapy that enhances the civilian lives and careers of veterans with trauma-related mental health conditions. The project uses sensory modulation by therapists to build resilience for veterans with these trauma-based conditions.



"I have been calmer, more confident, and happier. I recognise when I am struggling and feel confident that I have the tools to deal with it. My home and family life has improved significantly."

Veteran and Combat Stress beneficiary

"We are seeing this type of treatment already changing so many veterans' lives, enabling them to manage their mental health, improve relationships, get better sleep, and participate more fully in the world around them."

Christie Alken, Lead Research Occupational Therapist, Combat Stress

Mental Health Foundation

Lloyd's also provided funding in 2021 to the [Mental Health Foundation](#), supporting their [Peer Education Project \(PEP\)](#) and [Picture This](#) campaign. Through the two programmes, nearly 37,000 people received mental health support and training (4,500 in 2021 alone).

"Over the last year, our partnership with Lloyds has enabled the PEP team to provide support to over 100 schools. In these difficult times we have worked hard to ensure this vital intervention remains part of the schools' response, co-producing four resource packs on body image, connecting with nature, kindness and sleep, alongside a rest guide for School Staff."

Ruth Simmonds, PEP Project Manager

Creating opportunities

To create fairer outcomes across society, individuals and communities need the skills and opportunities required to ensure long term progress.

Aligning with our efforts to build an inclusive culture, 2021 saw us support causes helping to open up these opportunities; from ethnic minority communities in London, to schoolchildren in Mumbai.



Sponsors for Educational Opportunity (SEO) London

This programme started in January 2021, offering young people access to the Lloyd's market and other top insurance firms. Candidates learn and develop through workshops, mentoring and placements with firms in the market.

Since the programme's launch, [SEO London](#) has placed 30 students into work placements across the market. 241 volunteers from our market have supported as workshop leaders and mentors.

In addition, we are supporting a number of talented secondary students from social mobility qualifying backgrounds to support them with progression to university and elite careers.

The 'Insuring Futures' collaboration between SEO London and the Lloyd's Community Programme is helping transform the lives of students from diverse backgrounds. As well as educating students about the structure and function of London's insurance markets, Insuring Futures creates opportunities for candidates to work with market firms.

Importantly, this helps candidates in the long term by building workplace skills and instilling confidence in their ability to thrive in an industry they might not have otherwise considered. In its first year, the programme has engaged over 1200 secondary school students and diverse undergraduates through the support of 58 market firms and 190 volunteers.

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.



East London Business Alliance:

Lloyd's Community Programme provides financial and volunteering support to [the East London Business Alliance \(ELBA\)](#), a community organisation supporting social mobility by connecting London communities to the private sector.

Lloyd's support in 2021, combined with other members of ELBA, enabled 346 charities to build capabilities; nearly 3000 young people in education to develop workplace skills; and almost 1000 unemployed or underemployed people to improve their employability.

"The continued support of the Lloyd's Community Programme has been invaluable to ELBA and the East London community. Employees from across the Lloyd's market have given their time and energy to improve and maintain community spaces. They also bring unique business skills that build the capacity of charities and community organisations and create strong governance."

Ashley Rice, Programme Manager



The Switch

Founded 30 years ago in the Tower Hamlets area of London, The Switch is a charity committed to helping children and young people meet their potential through a range of volunteer-based programmes.

In 2021, the Lloyd's Community Programme supported programmes in over 30 schools in Tower Hamlets. Volunteers from the Lloyd's market took part in literacy and numeracy programmes in primary schools, as well as employability programmes in secondary schools. This has helped to broaden students' aspirations, increased their confidence and motivation, developed their employability skills and improved their knowledge of the world of work.

Every year, the Lloyd's Community Programme has also donated over £13,500 to roughly 20 local primary schools in the form of a travel bursary, with around 1500 students benefiting. The fund aims to build skills such as independence and resilience through activities and travel outside the students' normal environment.



RFEA: The Forces Employment Charity

One of Lloyd's Patriotic Fund's two charity partners is [RFEA: The Forces Employment Charity](#). We support their Families Employment Programme which helps spouses and partners of serving personnel and veterans into employment. Military spouses and partners can find it difficult to secure and retain employment owing to frequent moves, distance from support networks and lack of childcare provision.

In 2021, our support enabled RFEA's Families Programme Advisors to support 370 individuals, focusing on networking events and employability workshops and webinars together with partners.

"I got the job! I can't believe it, but it's all because of your help. Thank you! You make such a difference to my enthusiasm and ability to keep faith and keep looking for new jobs."

RFEA beneficiary to Families Programme Advisor

Rise Against Hunger – South Africa:

Beyond the UK, Lloyd's global network supports 15 charities in creating opportunities and building resilience in local communities.

In South Africa, our charity partner is [Rise Against Hunger](#) where we have supported a farming project building food security through sustainable solutions.

Through the partnership, Rise Against Hunger has built a vegetable garden consisting of three farming tunnels, two full time employees and training workshops for volunteers.

The garden creates employment opportunities for local farmers to work and develop skills in sustainable farming, as well as commercial opportunities to sell their produce to the community. Between October 2021 and January 2022, over 535kg of kale and 170kg of spinach were harvested – providing food for local communities, including the 11 early childhood development centres based on the garden with nearly 400 children under their care.

“Thank you Rise Against Hunger Africa for the donation of vegetables. We really appreciate all your help, especially during this time when we are struggling to give the children a stable meal. The fresh vegetables really help. Thank you for considering us in these difficult times.”

Maureen Muka, Bambi Day Care

“We will be forever grateful for the support received from Lloyd's to help us develop and implement the garden project. This project has become the template for other initiatives, setting the benchmark and creating a platform to show what can be achieved from community garden projects.”

Brian Nell, CEO, Rise Against Hunger Africa



MercyCorps

Lloyd's team in Africa are also supporting women and youth farmers in Zimbabwe to build renewable energy solutions in pork farming.

MercyCorps' Greening Agriculture project supports 100 women and youth smallholder farmers in the pork value chain to access water through solar powered water supply, improve their business skills and boost revenue streams. Despite their significant contribution to livestock management, women and young people tend to have limited access to resources, support services and decision making. Women in particular are playing a growing role in agriculture production, so need timely interventions to support their access, training and use of technology to help them seize these opportunities.

The project focuses on equipping these farmers with skills from business management to solar energy use and smart subsidy administration. In 2021, introductory workshops were held in the Goromonzi and Murewa districts to agree the project scope, objectives and delivery framework.



United Way India

Lloyd's India has a long history of supporting educational projects, including [United Way India](#).

The charity works to improve educational outcomes and living conditions in communities across India struggling with school drop-out rates and learning levels. In Mumbai, Lloyd's supports Project Ankur to provide the early childhood care and education that can advance the potential of young children in slum communities from pre-school to primary school.

The funding has enabled Project Ankur to refurbish their centre so it is safe and child friendly, while training staff and supporting parents to raise their children in a learning conducive environment.

"I have two children who attended the centre: Diksha and Arya. Neither enjoyed being away from home... I was scared that they would fall behind and did not know how to help them. [Project Ankur] worked with parents like me to help to create healthy habits and a learning environment at home. Now both my daughters look forward to school and come home everyday talking about what they learnt."

Archana Kadam, United Way India beneficiary



CES Waldorf

Lloyd's Latin America focused its efforts in 2021 on helping those suffering from the economic fallout of the pandemic.

For more than 20 years, the [Waldorf Educational and Social Corporation \(CES\)F](#) has created opportunities for over 10,000 people in the town of Ciudad Bolivar, outside Bogotá. The town is the largest recipient of displaced people from the conflict in Colombia.

CES help to support and develop young people between the ages of two and 18 (as well as their families and elders) through mix of education, social support, food and health programmes. The support has helped 250 families overcome hardship and assisted Colombian communities through the difficulties of a global health pandemic.

Responding to hard times

While we want all our charitable giving to help communities thrive in the long term, there are times when individuals fall into hardship – and what they need is immediate, urgent support.

These needs have been particularly prevalent in the wake of the global COVID-19 pandemic, leaving many communities and households facing immediate difficulties. Lloyd's was proud to support several initiatives working to meet these needs and alleviate suffering for affected communities.

Lloyd's Benevolent Fund

In 2021, Lloyd's Benevolent Fund supported 28 individuals needing interventions; from home modifications following a sudden illness, to mobility needs to improve quality of life.

"I approached the Lloyd's Benevolent Fund after being seriously unwell and no longer able to work. I found myself in very difficult circumstances and could not see a way forward, having explored every other avenue. I cannot thank the Fund enough for what they have done for me; without their continued help and support my life would be extremely difficult."

Lloyd's Beneficiary Fund recipient

Trussell Trust

One of Lloyd's charity partners in 2021 was [Trussell Trust](#), which runs a network of food banks around the UK. Lloyd's support has enabled several campaigns and public engagement, reaching a total of 34 million people through social media, press and online.

A growing number of people have been mobilised to find long term solutions to end the need for food banks. In the past 12 months:

- 39% of UK adults have taken a 'resourcing action' (volunteering/donating)
- 19% of UK adults have taken an 'influencing action'

Trussell Trust's food banks are expected to support over 3.5 million people between April 2021 and March 2022.



Centrepoint

[Centrepoint](#) is the UK's leading youth homelessness charity. In 2021, Lloyd's supported its work to help homeless young people with education and employment opportunities as well as continuing its innovative Psychologically Informed Environment (PIE) work. PIE is an approach to delivering services for people with complex needs that aims to improve the psychological and emotional wellbeing of those accessing Centrepoint's services.

2021 saw Lloyd's colleagues take part in Centrepoint's annual 'Sleepout' campaign to raise awareness of homelessness. With matched funding from Lloyd's, our colleagues raised over £10,000 to support the charity's critical work supporting homeless people in the UK.

Community Recovery Programme

Part of the East London Business Alliance, the Community Recovery Programme is an initiative to engage volunteers and support East London charities and community organisations with the risks they're facing. The goal of the programme is to help community organisations plan for the future, develop new operational models, form contingency plans and develop risk management strategies.

In 2021, volunteers from the Lloyd's market supported five different community organisations.

"I enjoyed being able to use my skills to help others. I also liked learning about the various projects in East London and getting my head out of the 'insurance bubble' to see how interconnected everything is."

Community Recovery Programme volunteer

Movimento União Rio

[União Rio](#) is a voluntary civil society organisation in Rio de Janeiro aiming to preserve lives and reduce the impact of the COVID-19 pandemic. Lloyd's support in 2021 helped mitigate the impacts of the pandemic, including enabling the Rio de Janeiro Federal University Hospital to refurbish their floor, install intensive care beds and buy tests and personal protective equipment for the local population.

Food poverty has also been more prominent during the pandemic – many people in the poorest part of Rio survive on less than two meals a day. Lloyd's support in 2021 enabled Movimento Uniao Rio to purchase 104 food baskets for the local community, feeding 416 people in one month alone.

What we will do in 2022:

- 2022 will be an important year to align and enhance our support to communities
- To that end, we will be seeking to bring our four charities closer together to provide a single, coordinated vehicle and voice for Lloyd's support for communities. This will help us align our giving to our purpose and our broader objectives as an organisation, while creating a centre of excellence on charitable activities to help our colleagues and market get behind causes they're passionate about
- We are excited to continue working with our charity partners across the four charities and already have many plans in place. For example, through our partnership with Habitat for Humanity we will support a new project in Addis Abada, Ethiopia, helping communities to manage flood risk through improved sanitation facilities and hygiene training for 4,000 families in the community

United Nations Sustainable Development Goals

The table below shows a mapping of this report to the Sustainable Development Goals (SDG's). As outlined in our inaugural report, while we consider all of the SDG's important, we have highlighted six* which has particular relevance for Lloyd's, and which remain the focus of our work.

	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Foreword 'A braver world'	✓	✓			✓					✓	✓		✓				✓
About Lloyd's																	
How we're preparing for the future								✓	✓								
Our impact at a glance					✓		✓	✓		✓		✓	✓				✓
Our sustainability strategy and governance																	✓
ESG strategy										✓			✓				
ESG governance								✓		✓			✓				
Climate													✓				
Introduction: 'The year of climate action'							✓	✓			✓	✓	✓				✓
Starting with ourselves							✓	✓	✓		✓	✓	✓				
Our market												✓	✓				✓
Our society							✓	✓	✓		✓	✓	✓			✓	✓
Culture																	
Introduction 'Building a more inclusive culture'			✓		✓					✓							
Our own culture																	
Market culture			✓	✓	✓					✓							
Beyond Lloyd's					✓					✓							✓
Communities	✓		✓						✓		✓		✓				✓
Introduction 'Supporting more resilient communities'		✓					✓			✓							
How Lloyd's supports communities	✓	✓	✓	✓					✓	✓	✓						
Who we supported in 2021	✓	✓	✓	✓	✓	✓	✓			✓	✓						

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