

Environmental, Social and Governance Report 2020

Our plan for
becoming a truly
sustainable
insurance
marketplace



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Foreword

Bruce Carnegie-Brown, Chairman, Lloyd's



As we publish our first Environmental, Social and Governance Report, we do so with an ambition to integrate sustainability into all of Lloyd's business activities; from playing our part in the global transition to net zero through the risks we share and the investments we make, to the way in which we support societal progress more broadly.

Whilst this our first ESG Report, Lloyd's has a long track record in contributing to the communities in which we operate, and crucially, helping them to recover from disaster. As a market made up of more than fifty insurance undertakings, we underwrite some of the most exciting innovations, and protect against the impacts of the most devastating catastrophes. We are proud of the enduring role we play in protecting society from some of the greatest threats, and in doing so supporting economic growth and societal prosperity; over the last decade we have provided £145bn in claims payments to our customers in their time of need, as well as the insurance and reinsurance critical to propelling the advancement of clean energy and resilient infrastructure around the world.

In recent years, Lloyd's has also made significant progress in driving culture change across our market and the industry – that includes setting publicly accountable gender and ethnicity targets, as well as committing to meaningful and measurable actions to build a more inclusive environment for the many thousands of talented people working in our marketplace.

However, we can and will do more. The events of 2020 have accelerated critical conversations, commitments and actions across businesses, economies and society to tackle some of the most challenging and urgent issues we collectively face. As the world slowly emerges from the impacts of the COVID-19 pandemic, it does so with an enormous opportunity to take positive action to build back better. This report sets out how Lloyd's will build on the critical role we play, in alignment with the United Nation's Sustainable Development Goals and in support of the principles set out in the Paris Agreement.

Importantly, for the first time we are setting targets for responsible underwriting and investment to help accelerate society's transition from fossil fuel dependency, towards renewable energy sources. Following feedback from and in consultation with our market, Lloyd's will start to phase out insurance cover for, and investments in, thermal coal-fired power plants, thermal coal mines, oil sands, or new Arctic energy exploration activities. From 1 January 2022, Lloyd's managing agents will be asked to no longer provide new insurance coverages or investments in these activities. To enable the market to support their customers who are making the transition away from these energy sources towards sustainable energy and business models, managing agents will be asked to phase out existing coverages by 1 January 2030. In addition, we have also committed to the phasing out of the market's and the Corporation's existing investments in thermal coal-fired power plants, thermal coal mines, oil sands, or new Arctic energy exploration activities by the end of 2025.

The commitments detailed in this report build on the activities already underway across Lloyd's that are actively supporting more sustainable businesses, communities, and nations. We will continue to work closely, and to consult with the Lloyd's market and our customers as we make the transition to a more sustainable future. To strengthen our governance and to support our ambitions and targets we have also set up an ESG Advisory Group which I am chairing and which comprises Lloyd's market leaders alongside external advisors who will provide robust challenge, together with expert advice, as we forge a greener path for our market and our customers.

We are trusted by millions of people around the world to seize the opportunity to drive societal transformation where we have the ability to do so, and, in so doing, to play our part in building a braver, more resilient world.

This report sets out our environmental, social and governance commitments for the Lloyd's market and the Corporation of Lloyd's, which we believe will contribute to a more sustainable future for our market, for our customers, and for society. These commitments have been developed in alignment with the United Nation's Sustainable Development Goals and in support of the principles set out in the Paris Agreement, following consultation with the market and other external stakeholders. They cover five key areas which are central to our ESG strategy, with a summary of the targets and ambitions set out below.

Our commitment to a responsible market

1. We will engage widely with stakeholders across the Lloyd's market to further develop and operationalise our ESG strategy, policies and processes, including responsible underwriting and investment.
2. We will develop a framework to help insurance businesses in our market integrate ESG principles into their business activities over the next 18 months.
3. The Corporation will review whether we can formally adopt the United Nations Principles for Responsible Investment and the United Nations Principles for Sustainable Insurance.
4. Lloyd's will consider how the insurance sector can best support the global effort to address climate change in the context of the 2021 United Nations Climate Change Conference (COP26), and also respond to UK Government's Ten Point Plan for a green industrial revolution.
5. We will recruit a dedicated team to support the implementation of our ESG strategy, monitor progress and to update our ESG Advisory Group.

Our commitment to people and culture

1. We will continue to drive cultural change within our market and wider sector through the provision of a comprehensive culture framework. This includes detailed and practical guidance via our Culture Toolkit, as well as our annual culture survey and other regular measurements against targets, published via a Culture Dashboard.
2. We will work to achieve our phase one target of 35% female representation in leadership positions across the Lloyd's market by 31 December 2023.
3. We will set a target for Black and Minority Ethnic representation in leadership positions in the Lloyd's market in Q2 2021.
4. We will continue to reduce the Corporation's gender pay gap, and work to ensure that Lloyd's market Boards and Executive Committees combined will have at least 20% female representation by 31 December 2023.
5. In the wake of the COVID-19 pandemic, the Corporation will continue to focus on employee wellbeing and flexible work, incorporating what we learn into longer term 'build back better' planning.

Our commitment to sustainable insurance

1. We will continue to support innovation for the development of products to support resilient infrastructure, low carbon economies and more resilient cities and communities through the Future at Lloyd's, Lloyd's Lab and the Product Innovation Facility.
2. We will provide guidance to all managing agents in our market to support our planned 2% of annual premiums on innovative and sustainable products by 2022.
3. Lloyd's managing agents will be asked to provide no new insurance cover in respect of thermal coal-fired power plants, thermal coal mines, oil sands or new Arctic energy exploration activities from 1 January 2022.
4. In order to support Lloyd's customers through this transition, Lloyd's managing agents will be asked not to renew insurance coverages for thermal coal-fired power plants, thermal coal mines, oil sands or new Arctic energy exploration activities after 1 January 2030. This also applies to companies with business models which derive at least 30% of their revenues from either thermal coal-fired power plants, thermal coal mines, oil sands or new Arctic energy exploration activities from 1 January 2030.
5. We will develop guidance to support all managing agents in our market to deliver these underwriting ambitions from 2022. This will include helping managing agents to put in place robust governance processes to support their own underwriting decision making in relation to sustainable insurance.
6. In early 2021, we will launch a Centre of Excellence for Systemic Risk supported by up to £15m of investment, to increase society's understanding of risk, and act as a catalyst for industry, government and societal action to develop new ways of protecting businesses, communities, and economies. During 2021, the Centre of Excellence will consider how best the insurance sector can support the UK Government's 10 Point Plan for a green industrial revolution.

7. We will develop a framework to help managing agents in our market integrate ESG within their own underwriting and risk management procedures.

Our commitment to responsible investment

1. The Corporation will allocate 5% of the Central Fund to impact investments by 2022.
2. We will phase out new investments in thermal coal-fired power plants, thermal coal mines, oil sands and new Arctic energy exploration activities by the Lloyd's market and the Corporation by 1 January 2022.
3. We will phase out existing investments in thermal coal-fired power plants, thermal coal mines, oil sands or new Arctic energy exploration activities by the Lloyd's market and by the Corporation of Lloyd's by the end of 2025. This includes phasing out existing investments in respect of companies with business models which derive at least 30% of their revenues from either thermal coal-fired power plants, thermal coal mines, oil sands or new Arctic energy exploration activities.
4. We will develop a framework to help market participants integrate ESG into their investment decision-making processes.
5. We will develop guidance on impact investing to support insurance businesses in our market to create their responsible investment strategies.

Our commitment to responsible operations

1. We will ensure the Corporation is net zero for our operations by 2025, and publish a roadmap to support that ambition.
2. The Corporation will work with the Lloyd's market in 2021 to support their own implementation of net zero carbon emission plans and will explore the potential to develop a Lloyd's market wide carbon offset project.

Our commitment to our customers

1. Through our strategy to build the most technologically advanced marketplace in the world, we will transform our claims processes. Blueprint Two will help accelerate this process and the improvements we are making over the next two years will support market growth, attract new talent and enable all market participants to trade more efficiently and effectively. This in turn will enable them to build innovative products for their customers, as well as reducing costs which will in turn make policies more affordable for customers.
2. We will set up a customer working group to explore how we can make our insurance contracts simpler and easier to understand.
3. Building on our *Building simpler insurance products to better protect customers report*, we will set up a customer working group to explore how we can make our insurance contracts simpler and easier to understand.
4. We will continue to support and work with governments and the global insurance industry to explore how our open source frameworks (*ReStart, Recover Re and Black Swan Re*), detailed in our report *Supporting global recovery and resilience for customers and economies*, could be leveraged and applied globally to offer customers greater protection against future systemic risks.
5. We will improve our customer satisfaction monitoring and continue to regularly review how we can improve our customers' experiences through product oversight and governance and through promoting best practice.
6. We will continue to publish insight and analysis on the risks our customers are facing to support better understanding, mitigation and coverage selection.

Our commitment to the community

1. We will continue to work with all insurance businesses in our market to engage them with our community work by the end of 2021, and support our network of more than 200 community champions.
2. We will strengthen our relationships with our charity partners to help them raise more funds, provide business support and increase their risk management skills.
3. We will support our charity partners to develop new remote virtual engagement opportunities and services.
4. We will offer further learning and development opportunities to all our charity partners.
5. We will further invest in our community volunteer programme to ensure we are prioritising high impact, skills-based initiatives, including our financial literacy and charity trusteeship programmes.
6. We will look at expanding the career opportunities that are available in the Lloyd's market in order to support our social mobility programmes.
7. We will increase Corporation employee engagement with our community initiatives to 25%.

Timeline

<p>Q2 2019</p> <ul style="list-style-type: none"> – Future at Lloyd's strategy unveiled. – Corporation introduces market-leading family friendly policies. – First confidential, annual culture survey launched. – Lloyd's Community Programme celebrates 30 years of volunteering in London. – Lloyd's underwriters launch the Product Innovation Facility. 	<p>Q3 2019</p> <ul style="list-style-type: none"> – Lloyd's Charities Trust announces funding for disaster resilience partnership with Habitat for Humanity GB. 	<p>Q4 2019</p> <ul style="list-style-type: none"> – Speaking Up campaign rolls out. – Lloyd's launches comprehensive action plan to drive culture change. – Culture Advisory Group formed to guide & monitor cultural change. 	<p>Q1 2020</p> <ul style="list-style-type: none"> – Lloyd's Corporation achieves gender balance in leadership positions. 	<p>Q2 2020</p> <ul style="list-style-type: none"> – Lloyd's publishes Culture Dashboard and targets for the market to improve gender balance. – Lloyd's announces action plan to improve Black and Minority Ethnic representation. 	<p>Q3 2020</p> <ul style="list-style-type: none"> – The fifth annual Dive In festival for inclusion and diversity in the insurance sector is held virtually in over 35 countries. – Lloyd's Ethnic Diversity in the Workplace report published. – Lloyd's publishes open-source frameworks for creating insurance products that protect against systemic risk. – Lloyd's announces that it expects to pay £5bn in customer claims in response to the COVID-19 pandemic.
<p>Q1 2022</p> <ul style="list-style-type: none"> – The Lloyd's managing agents will be asked to no longer provide new insurance coverage to thermal coal-fired power plants, thermal coal mines, oil sands and new Arctic energy exploration activities. – The Lloyd's Corporation and market will make no new investments in thermal coal-fired power plants, thermal coal mines, oil sands and new Arctic energy exploration activities. – Guidance to be issued to all insurance businesses in our market to derive 2% of annual premium income from innovative and sustainable insurance products. 	<p>Q4 2021</p> <ul style="list-style-type: none"> – COP 26 UN Climate Change Conference to be held in Glasgow. 	<p>Q2 2021</p> <ul style="list-style-type: none"> – Leadership targets to be announced for Black and Minority Ethnic colleagues in the Lloyd's market. 	<p>Q1 2021</p> <ul style="list-style-type: none"> – Systemic Risk Centre of Excellence to be established. 	<p>Q4 2020</p> <ul style="list-style-type: none"> – Lloyd's first annual ESG report published. – Lloyd's ESG Advisory Group convened. 	<ul style="list-style-type: none"> – Lloyd's publishes open-source frameworks for creating insurance products that protect against systemic risk. – Lloyd's announces that it expects to pay £5bn in customer claims in response to the COVID-19 pandemic. – Lloyd's commits to charitable donations of £15m in response to the COVID-19 pandemic, supporting 197 charities worldwide. – Lloyd's Lab cohort focuses on InsurTech start-ups providing solutions to support the market's response to COVID-19. – Lloyd's approves Syndicate 1796 to insure the transportation and storage of COVID-19 vaccines to emerging economies.
<p>Q4 2022</p> <ul style="list-style-type: none"> – 5% of Lloyd's Central Fund allocated to impact investments. 	<p>Q4 2023</p> <ul style="list-style-type: none"> – 35% of leadership positions in the Lloyd's market to be occupied by women. – At least 20% of Corporation Boards and Executive Committee to be female. 	<p>Q4 2025</p> <ul style="list-style-type: none"> – Lloyd's Corporation operations to achieve Net Zero. 	<p>Q4 2025</p> <ul style="list-style-type: none"> – Existing investments by the Lloyd's Corporation and market in thermal coal-fired power plants, thermal coal mines, oil sands and new Arctic energy exploration activities to be fully phased out. 	<p>Q4 2025</p>	<p>Q1 2030</p> <ul style="list-style-type: none"> – All existing insurance coverage provided by Lloyd's managing agents for thermal coal-fired power plants, thermal coal mines, oil sands and new Arctic energy exploration activities to be phased out.



In publishing our first environmental, social and governance report and strategy for both the Lloyd's market and Corporation, we do so with the determination to ensure everything we do is rooted in supporting better long-term outcomes for all of our stakeholders; from the types of risks underwritten by the market and where we invest our capital through to how we care for the wellbeing of our employees and contribute to the communities and countries in which we operate.

Our approach is guided and led by the United Nations' Sustainable Development Goals (SDGs), which provide the framework for our ESG strategy. Whilst all 17 SDGs are relevant to our business, we are prioritising six SDGs in this year's report that align best to our core business activities, priorities and purpose. These are:

Source: <https://www.un.org/sustainabledevelopment/>. The content of this publication has not been approved by the United Nations and does not reflect the views of the United Nations or its officials or Member States.



SDG 5 – Gender equality

We are committed to gender equality and equal opportunities for employees at all levels, in terms of employment throughout the market and through our investments. [See 'our Responsible Investment and People & Culture chapters.](#)



SDG 7 – Clean and affordable energy

We have invested significantly to support clean and affordable energy, including modelling climate change risk and insuring customers in the renewable energy sector. [See our Sustainable Insurance chapter.](#)



SDG 8 – Decent work and economic growth

We provide insurance that supports inclusive and sustainable economic growth, and we are committed to protecting human rights within our market, supply chains and business partners. [See our Responsible Investment, and People & Culture chapters.](#)



SDG 9 – Industry, innovation and infrastructure

We have a proud history of innovation, with highlights including the first motor policy through to the sharing economy and low carbon technology. We provide critical insurance to support the success of industries around the world, as well as resilient and green infrastructure. [See our Sustainable Insurance and Customer chapters.](#)



SDG 11 – Sustainable cities and communities

We are experts in helping businesses and communities, and therefore the cities they live and work in, reduce their risks and become more resilient. [See our Responsible Investment, Responsible Operations and Community chapters.](#)



SDG 13 – Climate action

Improving society's understanding of climate change and its impacts is one of our key priorities. We are a founding member of ClimateWise. [See our Sustainable Insurance and Responsible Operations chapters.](#)

In this report we set out a number of commitments that align with the UN SDGs, and these build on the significant work undertaken over recent years, particularly in the areas of culture and responsible investment. This is a significant and long-term undertaking and will take successive years of action and change through the series of commitments we have set out in this report (see page 3 – Our commitments) which we will track and report progress against in the years ahead.

Importantly, for the first time, we are setting targets for sustainable underwriting and responsible investment for the Lloyd's market. The announcement of these targets follows feedback from and in-depth discussion with our stakeholders

In a complex marketplace of over fifty independent insurance businesses our challenge is to set out a path so that participants can help their customers as they transition to more sustainable business models. As well as setting targets for underwriting and investment, the Corporation will also provide on-going guidance to support this transition and prioritise the innovation of new insurance products to underpin the growth of inclusive green economies around the world.

Change of this scale is complex and brings both challenges and huge opportunities. With this in mind, ongoing engagement and consultation with stakeholders including market practitioners, industry bodies, regulators and governments, suppliers and employees will be key. In addition, we have set up an ESG Advisory Group to help us navigate the process. This Group is led by the Chairman of Lloyd's and reports into the Lloyd's Council. It is made up of representatives from our market as well as external specialists and will provide feedback, expert advice and practical guidance, as well as keeping us accountable to the targets we have set.

Our commitment to a responsible market

Lloyd's and the societal purpose of insurance

The insurance industry plays an important role in protecting society and supporting global economic growth. It provides protection for companies that are tackling some of the world's most pressing challenges, helps society understand and mitigate the risks it is facing and could face in the future, and pays billions of pounds in claims to help businesses and communities recover.

Lloyd's is a market, not a single company, comprising over fifty insurance undertakings, over 200 registered broking firms and a global network of more than 4,000 local Coverholders. The scale and diversity of the Lloyd's market enables us to underwrite the world's largest and most complex risks, including natural catastrophes, which cause huge loss of life and economic damage across the globe. The Lloyd's market has paid £145bn in claims to customers over the past decade, and £23bn in 2019 alone, supporting, amongst others, communities, businesses and individuals to rebuild following Typhoon Hagibis in Japan, Hurricane Dorian in the Bahamas, and the wildfires in the US and Australia.

Climate change has driven the increasing frequency and severity of extreme weather events around the world over the last two decades, intensifying the scale of damage that these disasters leave in their wake. Addressing the risks from climate change is a crucial challenge for society and insurance has an important role to play in supporting our customers as they invest in new technologies to transition away from fossil fuels and towards renewable energy sources, through risk financing and risk mitigation products and services.

To achieve this, Lloyd's managing agents will be asked to phase out the underwriting of new insurance policies for thermal coal-fired power plants, thermal coal mines, oil sands and new Arctic energy exploration activities from 2022. To ensure that customers are supported through this transition period, the phasing out of existing policies is expected to be complete by 2030.

Over the coming years, Lloyd's will also support the development of green economies around the world, and as a first step, during 2021, we are committed to responding to the UK Government's 10 Point Plan for a green industrial revolution. As part of our new risk centre, Lloyd's will further invest in research into systemic risk, including climate risk, as we seek to play our part in building more resilient societies.

Our response to COVID-19

In 2020, the Lloyd's market expects to pay in the region of £5bn to help customers recover from the effects of the pandemic. In addition, Lloyd's has launched a series of initiatives to help our customers and wider society to recover, and the insurance industry to adapt to unparalleled new challenges brought about by the pandemic. These initiatives include:

- Lloyd's syndicate 1796, launched in October 2020, is a public-private initiative that is a first in Lloyd's 330-year history set up to insure the storage and transportation of a COVID-19 vaccine to emerging economies. Developed by Parsyl, an insurance technology company and Lloyd's Lab alumni, in close partnership with Ascot as managing agent, and in cooperation with AXA XL, McGill and Partners, and Gavi, the Vaccine Alliance, the Syndicate forms the foundation of the new Global Health Risk Facility (GHRF) at Lloyd's, which aims to provide comprehensive insurance and risk mitigation services to support the manufacturing and distribution of COVID-19 vaccines.
- This market has been insuring more than 100 clinical trials for COVID-19 vaccines around the world.
- In 2020, the Corporation committed £30m on behalf of the market to help address the impacts of the pandemic. Nearly £15m has been committed to funding charities globally that are supporting hard-hit communities and individuals. Lloyd's has will also invest up to £15m in seed capital to develop a Centre of Excellence to better understand, model and create products to protect customers against systemic risks including pandemics.
- We have supported the launch of Parametrix Insurance, a first-of-its-kind parametric business interruption policy, as well as Praedicat's scenario modelling suite for COVID-19 liabilities – both of which are Lloyd's Lab alumni.

- We have engaged with industry and customer bodies to develop a report, *Building simpler insurance products to better protect customers*, outlining key recommendations for the industry to simplify insurance product design and delivery, for the benefit of its customers.
- We have developed three 'open source' frameworks that could offer customers greater protection against future systemic risks (*ReStart, Recover Re, Black Swan Re*) which are intended to be leveraged and applied globally.

What we will do in 2021

We will engage widely with stakeholders across the Lloyd's market to further develop and operationalise our ESG strategy, policies and processes, including responsible underwriting and investment.

We will develop a framework to help insurance businesses in our market integrate ESG principles into their business activities over the next 18 months.

The Corporation will review whether we can formally adopt the United Nations Principles for Responsible Investment and the United Nations Principles for Sustainable Insurance.

Lloyd's will consider how the insurance sector can best support the global effort to address climate change in the context of the 2021 United Nations Climate Change Conference (COP26), and also respond to UK Government's Ten Point Plan for a green industrial revolution.

We will recruit a dedicated team to support the implementation of our ESG strategy, monitor progress and to update our ESG Advisory Group.

Our commitment to sustainable insurance

Our ambition

We are committed to sustainable insurance, defined by the United Nation's Environment Programme Principles for Sustainable Insurance initiative as 'insurance that aims to reduce risk, develop innovative solutions, improve business performance, and contribute to environmental, social and economic sustainability'.

To help achieve this, we will provide further investment in product innovation to support our customers as they move towards lower carbon, resource efficient and socially inclusive business models and operations. We will also continue to share our risk insights, research and expertise on an open source basis to foster greater understanding and greater resilience to the risks society is facing.

Addressing the current and potential future impacts of climate change is a crucial challenge for society, and one which is prioritised in the UK by the government's firm commitment to transitioning the economy to net zero by 2050. Insurance has an important role to play in supporting our customers as they invest in new technologies to transition away from fossil fuels and towards renewable energy sources.

We recognise the clear challenges of making this transition for our customers and market, and we will be providing support over the long term to help them plan for and implement these changes.

Our progress (2019 & 2020)

Launched in 2019, The Future at Lloyd's is our ambitious strategy to build the most advanced insurance marketplace in the world. Blueprint 2, which was published in October 2020, sets out the delivery plan to shift the Lloyd's market to a digital ecosystem powered by data and technology over the coming years. This transformational programme will redesign all aspects of the insurance lifecycle, from placing risks to paying claims, and will offer a quicker, simpler and better value service to our customers.

Supporting the market in the move to sustainable insurance

There are a number of ways in which Lloyd's will support our customers in transitioning their businesses to more sustainable models.

Lloyd's managing agents will be asked to phase out insurance for some of the most environmentally damaging activities and industries, building on the policies some insurance businesses in our market already have in place. Lloyd's managing agents will be asked to provide no new insurance cover in respect of thermal coal-fired power plants, thermal coal mines, oil sands or new Arctic energy exploration activities from 1 January 2022.

In respect of renewals the Lloyd's managing agents will be asked not to renew insurance coverages for thermal coal-fired power plants, thermal coal mines, oil sands or new Arctic energy exploration activities after 1 January 2030. This also applies to companies with business models which derive at least 30% of their revenues from either thermal coal-fired power plants, thermal coal mines, oil sands or new Arctic energy exploration activities from 1 January 2030.

Recognising the practical challenges of implementing these targets, Lloyd's has set two underpinning principles to help managing agents meet these commitments. Firstly, if a policy falls within the scope of an underwriting target, but is also supportive of clients' energy transition, it should be escalated through the managing agent's own governance processes to determine whether cover should be provided. Secondly, other risks should be assessed by managing agents on a case-by-case basis, and where required should be similarly escalated. .

Detailed guidance including worked examples to support managing agents to implement these changes will be developed with stakeholders and issued during 2021. This will include helping managing agents to put in place robust governance processes to support their own underwriting decision making in relation to sustainable insurance.

Improving transparency

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) support this global trend.

Lloyd's reports under the ClimateWise principles, which sets out our climate-related activities on an annual basis (see box below). In addition, in 2019 we published our first United Nations Global Compact report, outlining our commitment to support the UN's sustainability principles.

Our role in ClimateWise

In 2007, we became one of the founding members of ClimateWise, the global network of leading insurance industry organisations focused on driving action on climate change. We are an active member of the group, which now has more than 30 insurance undertakings as members. In 2019, we supported the revision of the ClimateWise principles, so they align fully with the recommendations set out by the Taskforce on Climate-related Financial Disclosures. Our latest ClimateWise report can be found [here](#).

Supporting innovation

Lloyd's Lab is the home of InsurTech at Lloyd's, enabling the market to work in partnership with start-ups to develop new solutions for the insurance sector (*see box on following page*).

Our Product Innovation Facility launched its first product, a parametric policy for the hotel industry, in September 2019, whilst a second product released in March 2020 offers protection against losses arising from the theft of cryptocurrencies held online.

In addition, Lloyd's actively encourages insurance businesses in our market to underwrite additional business based solely on new product innovation by allowing them to write an additional 2% of premiums in this area.

Lloyd's also publishes regular reports on emerging risks and trends on an open source basis. Recent examples that provided insights for our market participants include a report on the [renewable energy sector](#) and another on the transition to a [low carbon economy](#). We also published two reports to deepen our customers' understanding of specific risks ([Hidden Vulnerabilities in Supply Chain Risk, Shen Attack: Cyber risk in Asia Pacific ports](#)) and another on the benefits technology can bring to insurance contracts ([Triggering innovation - how smart contracts bring policies to life](#)).

Lloyd's Lab

Lloyd's Lab is a leading hub for technology-led innovation in the insurance sector. In its first two years, more than 500 international Insurtechs have applied to join the Lab in which companies are partnered with mentors from our market to share expertise, run pilots, and collaborate to develop new products and services. Companies working in the Lloyd's Lab during 2019 and 2020 included:

- FloodFlash, offering flood insurance that pays out instantly once sensors have detected water levels have exceeded a certain height.
- Climacell, forecasting weather at a street (rather than city) level using millions of weather data points.
- Previsico, providing local and real-time surface water flood warnings to insurers.
- Koffie - using artificial intelligence to redefine motor insurance.

What we will do in 2021

Detailed guidance including worked examples to support managing agents to implement these changes will be developed with stakeholders and issued during 2021.

We will continue to support innovation for the development of products to support resilient infrastructure, low carbon economies and more resilient cities and communities through the Future at Lloyd's, Lloyd's Lab and the Product Innovation Facility.

We will provide guidance to all managing agents in our market to support our planned 2% of annual premiums on innovative and sustainable products by 2022.

The Lloyd's market will be asked to provide no new insurance cover in respect of thermal coal-fired power plants, thermal coal mines, oil sands or new Arctic energy exploration activities from 1 January 2022.

In order to support Lloyd's customers through this transition, the Lloyd's market will be asked not to renew insurance coverages for thermal coal-fired power plants, thermal coal mines, oil sands or new Arctic energy exploration activities after 1 January 2030. This also applies to companies with business models which derive at least 30% of their revenues from either thermal coal-fired power plants, thermal coal mines, oil sands or new Arctic energy exploration activities from 1 January 2030.

We will develop guidance to support all managing agents in our market to deliver these underwriting ambitions from 2022. This will include helping managing agents to put in place robust governance processes to support their own underwriting decision making in relation to sustainable insurance.

In early 2021, we will launch a Centre of Excellence for Systemic Risk supported by up to £15m of investment, to increase society's understanding of risk, and act as a catalyst for industry, government and societal action to develop new ways of protecting businesses, communities, and economies. During 2021, the Centre of Excellence will consider how best the insurance sector can support the UK Government's 10 Point Plan for a green industrial revolution.

We will develop a framework to help managing agents in our market integrate ESG within their own underwriting and risk management procedures.

Case study
Supporting wind energy



China is the world’s largest market for renewables. In 2019, insurer China Re launched a renewable energy consortium within Lloyd’s to provide reinsurance for the construction and operation of offshore windfarms around China, insuring up to \$225m per risk. China Re is supported by Canopus, Travelers, Axis, GCube and Chaucer syndicates at Lloyd’s.

(Source: Lloyd’s report - Renewable Energy: Risk and Reward)



Case study
Keeping it clean



Argo Syndicate 1910, an insurer in the Lloyd’s market, provides insurance to companies building a greener future. One recent customer was the developer of a US-based manufacturing facility that converts wood biomass into liquid fuels for transport. The developer needed financing to expand the plant facility to increase capacity, quality and income. The syndicate’s clean energy team developed a customised policy to insure the new technology risk associated with the customer’s manufacturing process. This enabled the developer to secure the funding they needed to expand.

(Source: Argo Sustainability Report 2020)



Our commitment to responsible investment



How investment supports change

Investing in companies that contribute positively to a more sustainable society can drive global change, whilst divesting from activities or companies has the same impact, by encouraging businesses to change what they do. Insurance undertakings hold capital derived from their premium income and can therefore support positive change through the investment decisions they make, as well as making attractive financial returns and reducing their exposure to “stranded assets”.¹

Our ambition

Responsible investment has been one of the central pillars of our responsible business strategy. As part of this, in 2018 the Corporation introduced a coal exclusion policy for our Central Fund assets.

Our next step is to further integrate ESG principles within the Corporation’s own investment strategy and to work with managing agents in our market as they develop their responsible investment strategies. We will also work with our industry associations to identify the benefits of responsible investment.

Supporting the market in the transition to responsible investment

We recognise that integrating ESG principles into investment decisions may be challenging, and the Corporation will work closely with market participants to plan for these changes and manage the transition for those firms whose investment parameters will change.

In parallel to our commitment to the phasing out of insurance coverage for unsustainable energy categories, we have also made a commitment to end investment in thermal coal-fired power plants, thermal coal mines, oil sands and new Arctic energy exploration activities. This change will be phased in order to support this transition, and to allow time for Lloyd’s insurance businesses to develop and update their investment strategies.

In the first phase the Lloyd’s market will be asked to no longer make investments in thermal coal-fired power plants, thermal coal mines, oil sands or new Arctic energy exploration activities by Lloyd’s managing agents from 1 January 2022. Lloyd’s Corporation will make the same commitment in respect of our Central Fund assets.

In the second phase the Lloyd’s market will be asked to phase out existing investments in thermal coal-fired power plants, thermal coal mines, oil sands or new Arctic energy exploration activities by the end of 2025. This also applies to phasing out existing investments in respect of companies with business models which derive at least 30% of their revenues from either thermal coal-fired power plants, thermal coal mines, oil sands or new Arctic energy exploration activities by the end of 2025.

¹ “Those investments which have already been made but which, at some time prior to the end of their economic life, are no longer able to earn an economic return.” International Energy Agency

Our progress (2019 & 20)

In 2019 and 2020, the Corporation reviewed responsible investing strategies as part of our new fund manager selections for Central Fund investments, we continued our work to embed our responsible investment policy for the Central Fund, and considered how we could expand our coal exclusion policy to include all our assets. We also maintained our policy of investing circa 3% of the Central Fund into impact investments, which generate positive social and environmental impacts, as well as financial returns.

What we will do in 2021

The Corporation will allocate 5% of the Central Fund to impact investments by 2022.

We will phase out new investments in thermal coal-fired power plants, thermal coal mines, oil sands and new Arctic energy exploration activities by the Lloyd's market and the Corporation by 1 January 2022.

We will phase out existing investments in thermal coal-fired power plants, thermal coal mines, oil sands or new Arctic energy exploration activities by the Lloyd's market and by the Corporation of Lloyd's by the end of 2025. This includes phasing out existing investments in respect of companies with business models which derive at least 30% of their revenues from either thermal coal-fired power plants, thermal coal mines, oil sands or new Arctic energy exploration activities.

We will develop a framework to help market participants integrate ESG into their investment decision-making processes.

We will develop guidance on impact investing to support insurance businesses in our market to create their responsible investment strategies.

Case study

Supporting young people in Latin America



The Inter-American Development Bank (IADB) is the largest source of development financing for Latin America and the Caribbean. The Lloyd's Central Fund invested \$50m in a three-year bond issued by the IADB in 2016 and the financial returns have supported several projects since then.

These include:

- Education - early childhood development, primary and secondary education, and compensatory education programmes, as well as teacher education and effectiveness initiatives.
- Youth - support for parents and carers to improve childcare and for youth-at-risk programmes.
- Employment - programmes for school-to-work transition, vocational and technical education, and human resources and workforce development.

Case study

Lloyd's impact investing strategy for the Central Fund

Francois Jolly, Senior Investment Manager at Lloyd's, explains how impact investing has been embedded within the Lloyd's Central Fund: "The signature of the Paris Climate Agreement was a moment of change for us. We knew from that point onwards that responsible investing was going to become more and more important. As a result, we pivoted our whole approach to investments to take account of ESG factors."

"It is now a regular part of our investment process to target investing in impact bonds, and when we work with external fund managers, we focus on those who are PRI signatories. A good example of how we actively look to increase our exposure has been the Wellington Multi-asset Credit Fund, which we were already invested in. Wellington recently launched a parallel fund, called the Responsible Value Fund, which invested in the same asset class, and used the same investment approach, but which was geared towards companies who ranked highly when graded by ESG factors. We have moved our money into the Wellington Responsible Value Fund because it aligns our investment strategy with our ESG strategy more closely."



"Our aim is always to bring strong returns, while keeping a focus on ESG."

Francois Jolly

Our commitment to responsible operations

Our ambition

As well as supporting our own people, the Corporation provides essential shared services for our market, including a physical marketplace. Many of these activities have environmental impacts, including energy use, building operations and employee travel. In addition, each insurance business in our market has their own premises and employees with their own environmental impacts.

We have set a target for the Corporation to be net zero by 2025 in terms of our own operations, and as part of this we will quantify our most material greenhouse gas emissions - business travel, offices, and energy consumption.

Environmental impact in numbers (Corporation only)

Consecutive years we have reduced carbon emissions

5 years

The amount we reduced food waste

50%

Number of single use plastics used in our UK restaurants

0

Our progress (2019 & 20)

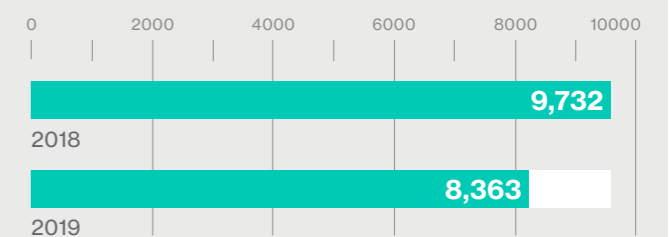
Reducing greenhouse gas emissions

Many insurance businesses in our market have their own emissions reduction targets, often set at owner or group level, and these can be found in their annual (or sustainability) reports. Within the Corporation we are keen to demonstrate best practice as we reduce our own environmental footprint. This chapter's focus is, therefore, on the continued and long-term work undertaken by the Corporation to reduce our environmental impacts.

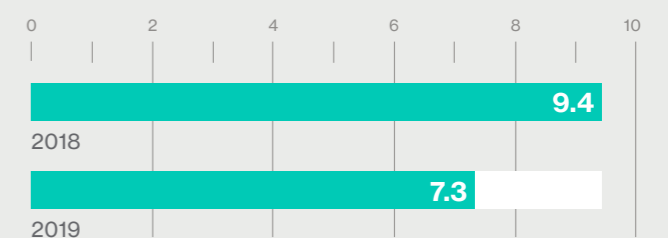
Corporation CO₂ emissions

Corporation emissions, on a total global basis, have reduced by 14% between 2018 and 2019, and by 22% on a full-time employee basis.

Lloyd's total global CO₂ emissions (tCO₂e)



Lloyd's per employee CO₂ emissions (tCO₂e)



The full details of Lloyd's carbon emissions can be found here www.lloyds.com/-/media/images/lloyds/corporate-responsibility/2020/lloyds-2019-energy-and-carbon-report.pdf

As most (91%) of the Corporation's emissions are generated in the UK, we target much of our energy and carbon reduction activities on our London headquarters. In 2019, we achieved a 13% reduction in our location-based emissions from electricity, mainly through a 4% reduction in energy usage in our London headquarters and the decarbonisation of the UK's energy supply by 10% since 2018.

Other improvements included upgrading our air conditioning and heating system and replacing fluorescent lamps with LED alternatives in the Underwriting Room where the market trades. This has cut our energy use for lighting in this part of our Lime Street building by 50%. We continued to buy 100% renewable electricity for our offices in London and Kent (see box below).

To continue to build on our progress, we introduced reporting against the Energy and Carbon Report Regulations for the Corporation in 2019, one year earlier than the regulatory requirement. Meanwhile, to minimise the impact of our air travel emissions we offset them through Natural Capital Partners.

We also successfully reduced our waste and water use. We have a "zero to landfill" policy with 82% of the waste from UK offices recycled and the rest used as fuel for power generation. Our commitment to waste management has been recognised as a Platinum Award member of the City of London's Clean City Campaign. In 2019, we reduced waste by more than 50% by replacing plastic cutlery, straws, coffee lids and takeaway food containers in our UK restaurants with corn starch alternatives. We also installed eco-friendly urinals, which have reduced water use by more than 50% since 2019.

Lloyd's energy and carbon disclosures 2019

		Total scope 1	Total scope 2	Total scope 1 + 2 (location based)	Total scope 3	Grand total scope 1, 2, 3 (location based)	Carbon intensity location based (tCO ₂ /FTE)	Total energy usage (kWh)
2019 (tCO ₂ e)	UK emissions	1,312	4,578	5,890	1,739	7,629	8.4	26,248,211
	Global emissions (ex. UK)	-	642	642	92	734	3.0	1,511,863
2018 (tCO ₂ e)	UK emissions	1,702	5,253	6,995	1,886	8,441	11.0	28,339,592
	Global emissions (ex. UK)	17	768	785	106	891	3.9	1,933,550

We are aware of the reporting obligations under The companies (Directors' Report) and Limited Partnerships (Energy and Carbon Report) Regulations 2018. As such, this year we have upgraded our energy and carbon reporting to meet these new requirements and increase the transparency with which we communicate about our environmental impact to our stakeholders. We report on all material global emissions in scope 1 and 2, plus selected scope 3 emissions, using an operational control approach. The methodology used to compile our (Greenhouse Gas) GHG emissions inventory is in accordance with the requirements of the following standards: the WRI GHG Protocol Corporate Standard (revised version) and Defra's Environmental Reporting Guidelines: including Streamlined Energy and Carbon Reporting requirements (March 2019). 2019 performance refers to reported location-based totals, which are the summation of the UK emissions and Global emissions (ex UK) displayed. Scope 1 emissions includes natural gas, company cars, other fuels, refrigerants; Scope 2 includes electricity; Scope 3 includes company cars, flights, public transport, commute, paper, waste, water, data centres, and transition and distribution. Energy reporting includes kWh from scope 1, scope 2 and scope 3 employee cars only. A more detailed statement on Lloyd's GHG emissions is available at: lloyds.com/ghgemissions

Our plans for 2021

We will ensure the Corporation is net zero for our operations by 2025, and publish a roadmap to support that ambition.

The Corporation will work with the Lloyd's market in 2021 to support their own implementation of net zero carbon emission plans and will explore the potential to develop a Lloyd's market wide carbon offset project.

Case study

Offsetting emissions to benefit public health



The Corporation offsets all its employees' air travel emissions by buying carbon credits for projects through Natural Capital Partners. One of these initiatives provides better cookstoves to communities in India which reduces indoor pollution and improves public health. Another project provides clean drinking water to small rural communities primarily in Uganda, Malawi, Rwanda and Eritrea by repairing old boreholes and drilling new ones. This gives people access to water even during dry seasons, and means they no longer need to purify water by boiling it, alleviating pressure on local forests – the main source of firewood – and reducing greenhouse gas emissions.

Our commitment to our customers

Our ambition

Lloyd's is committed to providing customers with innovative and relevant products, that offer value and choice, and are underpinned by excellent customer service from buying a policy through to making a claim. Lloyd's sets robust expectations and standards of fair customer treatment for market participants, and each managing agent in the Lloyd's market commits to a standard of service to maintain the trust and confidence of their customers. This includes customer-focused product design and development, providing clear information to customers at the point of sale, and ensuring claims are handled fairly and promptly.

As well as setting customer fairness and conduct standards, Lloyd's has put in place a number of initiatives to further improve the customer experience, value and the choice of products available:

- Our ambitious Future at Lloyd's strategy has been set up to improve the customer experience and to create better value products. This will be achieved through our significant investment in data and digitalisation which will reduce costs and make it quicker and easier to do business.
- With the nature of risk changing at an ever-accelerating pace, Lloyd's is determined to continue to offer innovative products that enable customers to mitigate often complex risks. Building on our response to the COVID-19 pandemic, the launch of Lloyd's risk centre in 2021 will bring a fresh focus to our understanding of systemic risks and drive the development of new insurance solutions.
- As risk becomes more complex, it is essential that customers have a clear understanding of the insurance coverage they are buying. Our product simplification report, published in 2020, sets out how insurance businesses can create more clarity for customers, and Lloyd's will continue to build on this work, by setting up a customer working group to explore how we can make our insurance contracts simpler and easier to understand.

Customer impact in numbers

Reduction in average claims payment times as a result of improvements made in 2020

3 days

What we expect to pay in gross claims for COVID-19

\$5bn

Paid on average per year for the 2015- 2019 period

\$16bn

Our progress (2019 & 20)

With the launch of Blueprint 2 in October 2020, we set out detailed plans for the creation of a market which attracts new risks, new customers and new forms of capital, and which will provide a superior experience while operating at materially lower costs. The plans set out in Blueprint 2 will deliver:

- Clear data standards to support the next generation of placement platforms and solutions at Lloyd's.
- A new Lloyd's marketplace gateway and super-fast processing capability that will allow cover to be evidenced and issued in minutes and simultaneously create technical accounting records.
- Automated claims recognition, routing and orchestration that will facilitate faster claims payments.

In the short term, work continues to transform our claims service. By changing our definitions of standard and complex claims, we can now process more claims more quickly, and we can now settle claims of £10,000 or less automatically. These two developments have cut average claims payment times by three days.

In the context of the COVID-19 pandemic we have recognised the need for the global insurance industry to reassess how it can better serve its customers. Lloyd's published a report in September 2020 ([Building simpler insurance products to better protect customers](#)) which sets out a number of ways insurance businesses could remove complexity and provide greater clarity to customers about the coverage they have purchased.

We continued to review our customer offer through our product oversight groups, which check our products are fit for purpose and offer value. These groups' effectiveness have been widely recognised by other insurance businesses, some of whom have set up similar bodies. To bolster customer protection further, we introduced Lloyd's Fair Value Principles. They strengthen our current market-wide standards which apply to all our operations, whichever country we are working in.

Making our customers more resilient

We asked our customers what they needed from their insurers so they could feel more confident about returning to work during COVID-19 in the short term. We also asked them about the protections they need for systemic risks like pandemics in the future. Based on their feedback, we have proposed three new insurance solutions to insurance businesses, governments and regulators around the world. ReStart is a commercial non-damage business interruption solution, specifically aimed at small medium sized businesses, that could provide limited protection for further waves of COVID-19. *Recover Re* and *Black Swan Re* are structures through which national governments and insurance businesses could partner to offer broader protection from pandemics and other systemic risks such as the impacts of climate change.

What we will do in 2021

Through our strategy to build the most technologically advanced marketplace in the world, we will transform our claims and policy placement processes. Blueprint Two will help accelerate this process and the improvements we are making over the next two years will also support market growth, attract new talent and enable all market participants to trade more efficiently and effectively. This will enable them to build innovative products for their customers, as well as reducing costs which will in turn make policies more affordable for customers.

Building on our *Building simpler insurance products to better protect customers report*, we will set up a customer working group to explore how we can make our insurance contracts simpler and easier to understand.

We will support further development of parametric insurance policies (that set thresholds such as a specific wind speed or flood levels which, if breached, trigger instant claims payments) so we can offer simpler, more transparent products to our customers and pay claims more quickly.

We will continue to support and work with governments and the global insurance industry to explore how our open source frameworks (*ReStart, Recover Re and Black Swan Re*), detailed in our report *Supporting global recovery and resilience for customers and economies*, could be leveraged and applied globally to offer customers greater protection against future systemic risks.

We will improve our customer satisfaction monitoring and continue to regularly review how we can improve our customers' experiences through product oversight and governance and through promoting best practice.

We will continue to publish insight and analysis on the risks our customers are facing to support better understanding, mitigation and coverage selection.

Case study Transformation of claims



Claims is the moment of truth for our customers. The ability to respond quickly and openly, while delivering a high-quality experience, from notification of a claim to payment is critical for the market's reputation and customer loyalty.

As part of our vision for the Future at Lloyd's, we are planning a new claims platform that will lead to a greatly improved customer claims experience. Straightforward claims will be resolved automatically (or with limited manual touch points). More complex claims will be supported by greater use of collaboration and workflow solutions.

The following milestones along the path to the new claims process were completed in 2020:

- The launch of a pilot, with eight managing agents, of the Small Claims Automatic Settlement (SCAS) process which successfully demonstrated the ability to automate the agreement of low-value claims.
- The creation of a single catastrophe reporting portal that gives direct access into Lloyd's, reducing the need for ad hoc cat reporting.
- An updated Lloyd's claims scheme that doubles the financial limits for which claims can be agreed by leader only, reducing the number of touch points needed across the market to agree these claims.
- The creation of go-live centralised approval process for delegated authority claims.

Our commitment to our people and culture

Our ambition

An inclusive and diverse culture is essential to the long-term viability of the Lloyd's market, and we are determined to attract and develop the best people – whoever they are and wherever they are from.

Percentage of insurance businesses in the market that have inclusion and diversity as a standing agenda item at board level (June 2019)

38%

Creating a positive culture in which everyone can thrive does not happen by chance and the Corporation has marked out culture as one of our three strategic priorities in order to ensure that it sits at the forefront of our strategy and plans.

In 2019 we asked the Banking Standards Board to carry out an independent, market-wide culture survey, the largest of its kind ever undertaken in our sector, so we could fully understand people's experience of working in our market. Over the past 12 months, in collaboration with our expert Cultural Advisory Group, we used its findings to inform and prioritise our plans to build a more inclusive and diverse culture within our market over the short, medium and long-term.

Focusing first on gender and ethnicity, and informed by our expert Cultural Advisory Group, the Corporation has developed a three-fold approach to driving cultural change:

- Setting targets for both the Corporation and the market,
- Creating a best practice framework, as well as tools, programmes, policies and guidance that support cultural change, and
- Committing to measure progress against targets, and also increase understanding through our annual, confidential and market-wide culture survey.

Our ambition is to see sustained progress against the targets we have set, to broaden the scope of these targets over time and to accelerate progress towards a more inclusive market culture.

Our progress (2019 & 2020)

Headline achievements:

- The Corporation met our target of achieving at least 40% female and at least 40% male representation at senior management level.
- For the first time, gender targets have been established for the Lloyd's market, with managing agents set a short-term target of 35% female representation in leadership positions to be achieved by 31 December 2023.
- The Corporation reported an average gender pay gap of 23.6% in our 2019 Gender Pay Gap Report, down from 27.7% when we first started reporting in 2017.
- We appointed a talent and culture non-executive director, supported by an independent Culture Advisory Group.
- Publication of our Culture Toolkit, providing detailed and practical guidance for building an inclusive, high-performing culture.
- Our high-profile 'Speak Out' campaign sought to reinforce expected standards of behaviour and encourage people to speak up about poor behaviours.
- Dive In, Lloyd's annual and global festival celebrating diversity and inclusion in the insurance sector attracted more attendees from around the world than ever before

Whilst good progress has been made in recent years to improve the diversity and culture of both the Corporation and market, there is more to do. In 2020 we continued to put in place a wide range of practical tools, programmes and policies to drive further progress.

Culture Dashboard

Because what gets measured gets done, we have created the [Culture Dashboard](#) for the Lloyd's market. Reflecting the feedback from our first annual culture survey of 6,000 market participants, as well as data on market policies and practices, the Dashboard benchmarks our starting point as we accelerate our progress towards a more inclusive culture.

The culture dashboard will be updated and published annually as a measure of how the Lloyd's market is performing against the targets we have set.

Black and Minority Ethnic talent

In June 2020, we announced several initiatives to improve the experience of Black and Minority Ethnic talent in our market. These include:

- Improving the data we have about ethnic representation in the market so we can set a market-wide ethnicity leadership target in the second quarter of 2021.
- Investing in programmes to attract, retain and develop Black and Minority Ethnic talent. This includes our Accelerate programme, which aims to improve the pipeline of Black and Minority Ethnic future leaders within the Corporation and the market, through a talent development and mentoring programme.
- Reviewing our employee policies, as well as the Corporation's organisational artefacts to ensure they are explicitly non-racist.
- Providing financial support to charities and organisations promoting opportunity and inclusion for Black and Ethnic Minority groups.
- Committing to education and research, and to providing best practice insights and guidance as an output of this research. Examples include the recent [Ethnic Diversity in the Workplace Report](#).

Lloyd's Corporation has achieved gender balance in leadership, with 47% of leadership positions now occupied by women.

47%

Family care and wellbeing

Introduced in 2019, the Corporation's market-leading family care policies provide 26 weeks paid leave for primary or secondary caregivers when they start a family, with an additional four weeks' full pay to support a phased return to work. It applies to all genders, regardless of how they choose to start a family. Our care policies also offer a range of other benefits intended to support our people to balance work and family life. These include five days of paid emergency leave, emergency back-up elder and childcare, partially funded sabbaticals and a variety of other flexible working practices.

To help to address the physical and mental health challenges of the COVID-19 pandemic, the Corporation – in common with many other market firms - has extended the range and availability of wellbeing provision to our employees globally. This includes the creation of a dedicated wellbeing hub on the Corporation's intranet site, and free access to the popular Headspace app.

Dive In Festival - success in numbers

Originally launched in London in 2015 by the Corporation in tandem with firms in the Lloyd's market, Dive In has grown far beyond its roots to include some of the world's largest insurance undertakings, brokers, underwriters and associated service providers.

Dive In is now a global movement in the insurance sector, supporting the development of inclusive workplace cultures.

Dive In promotes year-round best practice in diversity and inclusion with tools and advice that culminate in an annual **three-day festival in September**. Events are hosted in insurance firms of all types and sizes, all around the world.

The most recent festival took place virtually (because of COVID-19) in 35 countries and over 30,000 people participated in its online events.

Our plans for 2021

We will continue to drive cultural change within our market and wider sector through the provision of a comprehensive culture framework. This includes detailed and practical guidance via our Culture Toolkit, as well as our annual culture survey and other regular measurements against targets, published via a Culture Dashboard.

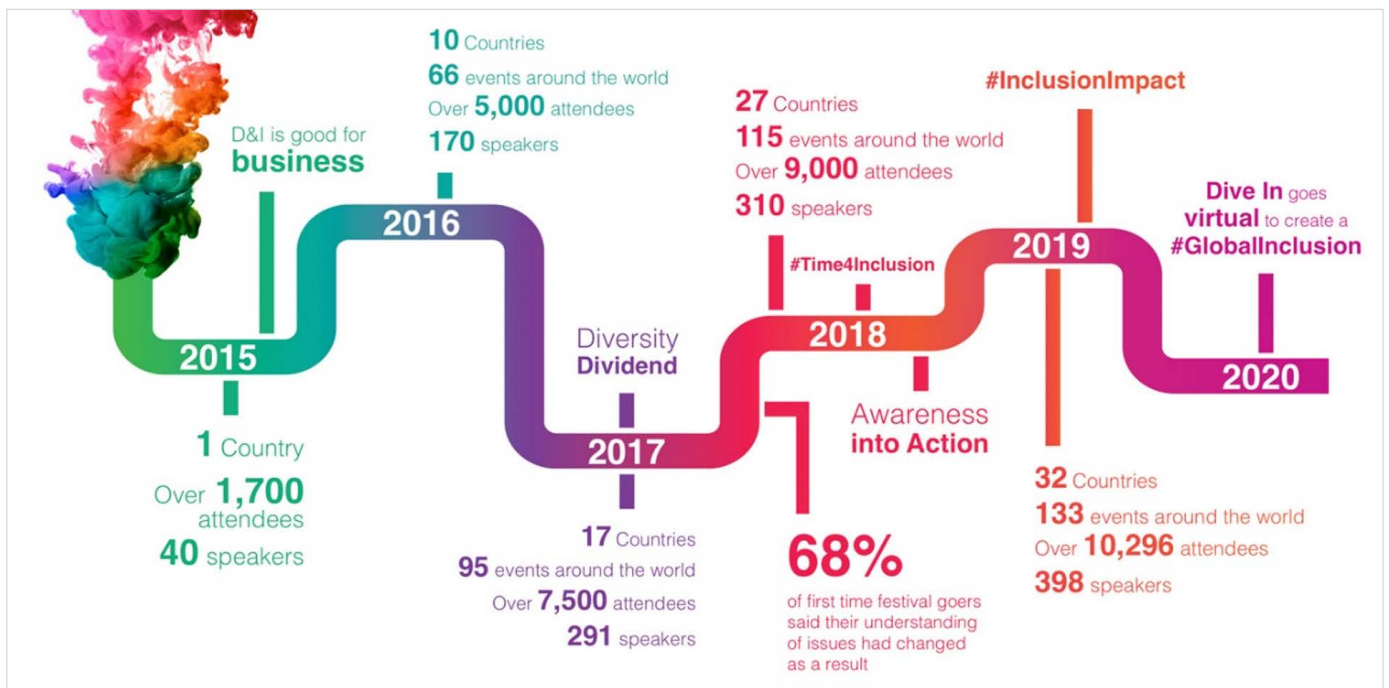
We will work to achieve our phase one target of 35% female representation in leadership positions across the Lloyd's market by 31 December 2023.

We will set a target for Black and Minority Ethnic representation in leadership positions in the Lloyd's market in Q2 2021.

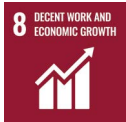
We will continue to reduce the Corporation's gender pay gap, and work to ensure that Lloyd's market Boards and Executive Committees combined will have at least 20% female representation by 31 December 2023.

In the wake of the COVID-19 pandemic, the Corporation will continue to focus on employee wellbeing and flexible work, incorporating what we learn into longer term 'build back better' planning.

Dive In Festival



Case study

Increasing ethnic diversity in our market

Lloyd's is one of the main sponsors of the Afro-Caribbean Insurance Network, which was formed in March 2019 to increase ethnic representation and empower Black and Ethnic Minority professionals in the insurance industry. It does this by increasing cultural awareness and by making the insurance sector more attractive to young professionals through industry-focused research and study, graduate recruitment, internships and work experience, and by hosting networking and events. Eighteen months on and the network is already making an impact. "Members have told us that the network has helped them to realise their full potential and has been an antidote to the perceived challenges of lack of access for Black and Ethnic Minority talent," says co-founder Godwin Sosi.



Case study

Improving gender representation at senior levels

In 2017, Lloyd's insurer Beazley set a target to reach 35% female representation in the most senior levels of the firm including the Board and Executive by the end of 2020. Realising it needed concerted action, Beazley signed up to Women in Finance Charter, which meant it had to publish its targets and results, and that the CEO's and CFO's remuneration could be reduced if the targets were not met. Having established the governance, Beazley then looked at how it could change its recruitment practices. First it mandated a diversity target for recruitment, then it encouraged its own female employees who were not going for jobs to apply for them. This produced fantastic results.

"We acknowledge we still have a way to go before reaching our goals on gender parity, but we are confident we are on the right track and are pleased with our efforts so far. We are constantly looking for new ways to drive positive progress."

Sarah Booth, chair of Beazley's diversity and inclusion steering group

Our commitment to our communities



Our ambition

Community involvement is one of the key pillars of Lloyd's responsible business approach and is at the heart of our values. Over the next five years, our ambition is to create measurable positive outcomes by running one of the leading community engagement programmes in the insurance industry. To work towards achieving this aim, we use our global network of some 200 countries and territories worldwide to build resilient communities, manage risk and promote innovation, and empower individuals to reach their potential.

We will continue to support the communities we work in through our charity partnerships, fundraising and grant giving, awareness raising, pro-bono support and donation of goods.

We will also continue to empower and encourage our people to support their communities, fundraise for good causes, and share their knowledge and experience through volunteering, and maintain our support for organisations that provide emergency relief for people affected by disasters.

Community impact in numbers²

3500

Volunteers

200

Organisations supported

38,000

People benefited

£15m

COVID-19 commitment to charitable donations

² Data for Jan 2019-July 2020

Our achievements (2019/20)

In 2019, the Corporation supported community activities in the countries in which we operate. In 2020 we focused on helping charities respond to the immediate and long-term needs of communities dealing with the impacts of COVID-19 by committing £15m to charitable organisations and funds.

This included £5m to the Association of British Insurers' COVID-19 Support Fund, which is providing £100m to the National Emergencies Trust in the UK; a £3m fund for charities nominated by Corporation staff globally; £2m to support charities in the UK; £2m for local organisations supported by the Corporation's global offices; and £1m to Lloyd's Charities Trust's Market Charity Awards that recognise and celebrate the voluntary and fundraising work of individuals from across the Lloyd's market. We have held £3m in reserve to support future needs. So far, the money has helped 197 charities and their beneficiaries.

As part of our community work, we manage three independent charities and a volunteer programme. These include: Lloyd's Charities Trust, Lloyd's Patriotic Fund, Lloyd's Tercentenary Research Foundation. We also work with the Lloyd's Benevolent Fund, established in 1829, which provides financial assistance to individuals working in the market who have faced exceptional circumstances.

In 2019, Lloyd's Charities Trust launched a new partnership with Habitat for Humanity GB with the aim of helping the most vulnerable in society - women, children, the elderly and those with disabilities - become more resilient to disasters, particularly in Malawi. Lloyd's Patriotic Fund launched its new partnership with Combat Stress and RFEA (the Forces' employment charity) in March 2020 and over the next three years will help military families adjust to civilian life.

We also extended some of the training and development available to insurance businesses in our market to our charity partners meaning seven organisations received free training on how to put in place inclusive hiring practices.

During 2019, we added to our suite of volunteer programmes by launching new initiatives across the market, including charity trusteeships and virtual employability programmes for young people. To formalise the benefits of volunteering, we created a [Volunteering Skills Matrix](#) which highlights the transferable skills participants can develop from each volunteer placement. This is helping people identify the right opportunity for their professional development as well as helping them find rewarding and enjoyable volunteer activities.

What we will do in 2021

Across the market:

We will continue to work with all insurance undertakings in our market to engage them with our community work by the end of 2021, and support our network of more than 200 community champions.

We will strengthen our relationships with our charity partners to help them raise more funds, provide business support and increase their risk management skills.

We will support our charity partners to develop new remote virtual engagement opportunities and services.

We will offer further learning and development opportunities to all our charity partners.

We will further invest in our community volunteer programme to ensure we are prioritising high impact, skills-based initiatives, including our financial literacy and charity trusteeship programmes.

We will look at expanding the career opportunities that are available in the Lloyd's market in order to support our social mobility programmes.

Within the Corporation:

We will increase Corporation employee engagement with our community initiatives to 25%.

Case study

**Building sustainable communities:
Edutainment in Africa**



Those most affected by climate change are often the most vulnerable. As part of our work to build more resilient communities, Lloyd’s Africa partnered with global humanitarian and development organisation Mercy Corps to raise awareness of the benefits of insurance for smallholder farmers in East Africa. Taking an “edutainment” approach (education delivered in an engaging way), key messages about the value of insuring crops and livestock were delivered through the farm makeover TV show Shamba Shape Up. The show is popular with smallholder farmers and their families, with each episode reaching 2.5m households in Kenya alone, with 60% of the viewers female. The show also aired in Tanzania, increasing the initiative’s outreach.



Case study

Empowering individuals to reach their potential



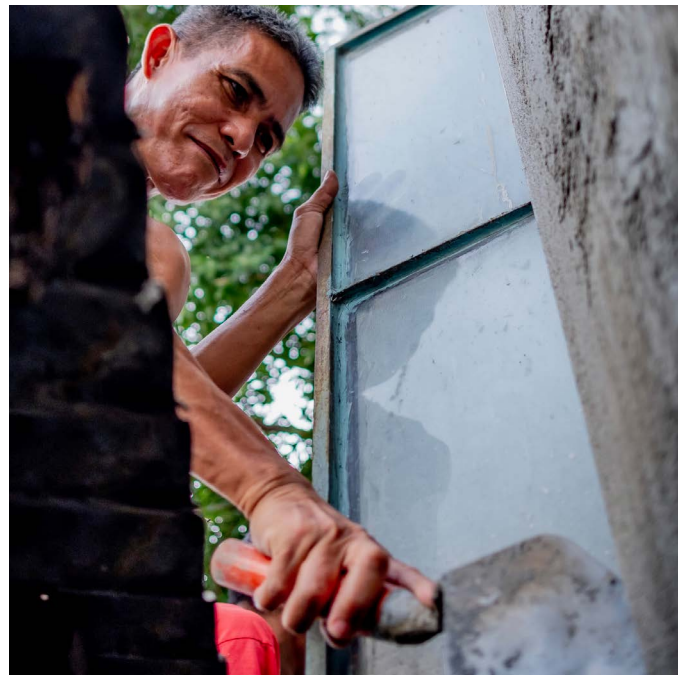
“What I like about Abacus is that they talk about how to be safe with, save and borrow money because when we get older and get a wallet, we should know everything,” says one student who recently took part in Lloyd’s financial literacy programme. Abacus is aimed at 9-10-year olds at primary schools in the London Borough of Tower Hamlets, UK – one of the most deprived parts of the UK - and their parents. Research shows that money habits are generally formed by the age of seven, and that financial behaviours are heavily influenced by family, so the programme aims to form good practices early. In 2019, 28 volunteers from our market delivered workshops to more than 60 pupils on topics including how to manage money, the value of insurance and what different financial products are for. As a result of the programme, the teachers involved felt their pupils increased their understanding about money and financial products.



Case study

Building back better: making homes more resilient

Edna and Eric Doctolero, based in Manila in the Philippines, had always worried about their house ever since a typhoon had blown off their roof some years earlier. As their family expanded, they became increasingly worried about how to increase their household income at the same time as improving the structural integrity of their home. Edna and Eric learnt about the international NGO Build Change from their neighbours and decided to take part in its retrofit programme funded by Lloyd's Charities Trust (for three years, up to October 2019). The initiative targeted homes in the slum areas of Medellin, Colombia and Manila, the Philippines to make them better able to withstand natural catastrophes. Over the three-year period, Build Change strengthened 1,761 houses, trained 1,524 builders and homeowners, and created 754 jobs. It also helped 20 local organisations improve their understanding of resilient building principles. For Edna and Eric, the programme meant they could improve their home, split one room into two so they could earn extra income, and as a result feel more confident about their future.



Lloyd's charities



Lloyd's Charities Trust

Lloyd's Charities Trust supports organisations and projects that strengthen the resilience of vulnerable communities around the world. Its current charity partner is Habitat for Humanity Great Britain. The Trust also runs the Lloyd's Market Charity Awards, which gives money to causes supported by people working in the Lloyd's market in London.



Lloyd's Patriotic Fund

Founded in 1803, Lloyd's Patriotic Fund is the oldest military charity of its kind. Today, it helps veterans' and their families' transition to civilian life. Launched in 2020, LPF's new charity partners are Combat Stress and RFEA (the Forces Employment Charity).



Lloyd's Community Programme

Lloyd's Community Programme helps individuals achieve their full potential through support from the Lloyd's market. The programme currently works with more than 70 managing agents and brokers, and attracted 2,800 volunteers in 2019. It also supports students from across London with a bursary to study at universities outside the capital.



Lloyd's Tercentenary Research Foundation

Lloyd's Tercentenary Research Foundation was established in 1988 to mark the 300th anniversary of Lloyd's. It funds new research on risk-related issues, and offers scholarships in the US through Fulbright.

For more information

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