

# CORPORATE RESPONSIBILITY: MAKING A DIFFERENCE

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## LLOYD'S BELIEVES IN PROVIDING THE BEST WORKPLACE FOR OUR PEOPLE, SUPPORTING OUR NEIGHBOURING COMMUNITIES AND MINIMISING OUR ENVIRONMENTAL IMPACT.

We continue to take these responsibilities extremely seriously and respond to other new issues that emerge. Our efforts begin at home, at One Lime Street and at Chatham, where we aim to make Lloyd's an inspiring, fair and diverse place to work. We strive to give our people the opportunities to fulfil themselves both in and outside of work. We are committed to playing our part in the UK effort to cut carbon emissions and improve our environmental impact.

Social and ethical issues matter at Lloyd's. The Lloyd's Community Programme supports our neighbours in Tower Hamlets and Hackney (some of the poorest areas in the UK) and encourages people and businesses in the market to get involved. We also back charitable causes in the UK and abroad through our three grant-making charities and encourage both Corporation employees and market participants to support some of society's most vulnerable people.

Our Corporate Responsibility policy sets out our thinking in this area and our annual Corporate Responsibility plan helps to embed these attitudes into our decision-making – and how we work every day.

### Putting it into practice

We frequently review our Corporate Responsibility policy and produce an annual action plan. In 2005, we compared how we do things at Lloyd's with best practices at other leading UK organisations. Our 2006 action plan focused on four key areas: responsibilities in the marketplace, to our employees, to the environment, and to the wider community.

### Coming together

The Corporation recognises that it is the responsibility of each company in the market to develop their own approach to corporate responsibility, focusing on the issues that matter most to them. During 2006, however, a number of initiatives by the Corporation, including the 360 Risk Project on Climate Change, brought market participants together to share ideas and best practices. We know that by working together across the market we can have a bigger impact than we can alone.

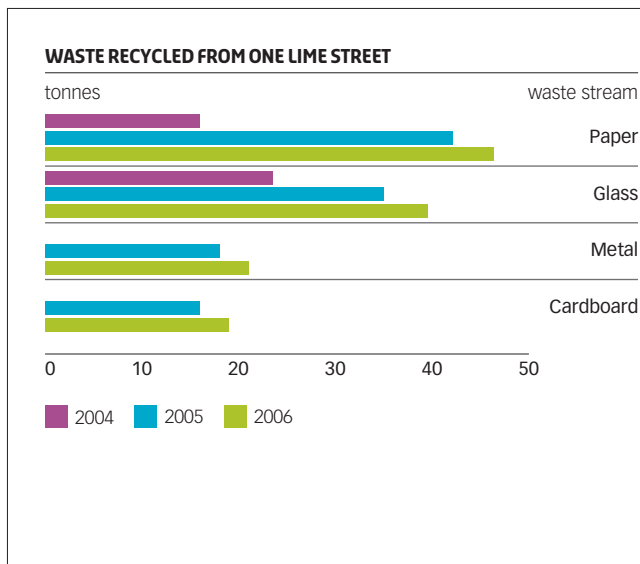
### Community – at home and abroad

We recognise our responsibility to neighbouring communities in London. The Lloyd's Community Programme has been supporting our local London boroughs since 1989. Our three charitable trusts also offer support in the UK and, reflecting the global nature of our business, overseas. Find out more on pages 28 and 29.

The Corporation also backs employees and market participants in their charitable works. In 2006, a new Charitable Involvement policy was created to encourage employees to give, raise funds and volunteer to help charities. As well as time-off for volunteer activities and a payroll giving scheme, we introduced a matched funding scheme, supporting employees' charity fund raising efforts.

### Green issues: managing our environmental impact

With 88% of the Corporation's (including its subsidiaries) employees based in our two UK business locations, at One Lime Street and in Chatham, the Corporation's direct environmental impact is relatively



small. However, we believe we have a clear responsibility to manage it as effectively as possible.

While the Lloyd's building was ahead of its time in including design features with energy efficiency specifically in mind, we are committed to maximising energy efficiency and cutting carbon emissions. To this end we invited the Carbon Trust to undertake an audit of energy use at One Lime Street. We are now aiming to cut energy use further in 2007 and have set ourselves resource reduction targets, including improving the efficiency of our heating systems.

Fidentia House, the Corporation's new building in Chatham, has received a 'Very Good' environmental rating from the Building Research Establishment. It includes features such as occupant-sensitive lighting, heat recovery systems and localised heating systems with individual time and temperature controls.

Our approach goes beyond energy to cover waste, cleaning, catering, procurement, transport and communication. We work with suppliers, tenants, staff and market participants on a number of environmental initiatives.

Last year, we worked with our in-house caterers, Avenance, to introduce more biodegradable and recycled products. We began the 'A Greener Lloyd's' campaign to engage Corporation employees in environmental issues. We also issued Best Practice Environmental Guidelines to employees and set up a network of 'environment champions' across the Corporation. Since 2004, we have cut the volume of waste going into landfill from the Lloyd's building by 10%. Over the same period we have increased the amount we recycle from 12% to 32% of total waste.

#### Leading on climate change

Climate change was one of the biggest business issues of 2006 and will continue to be so going forward. Given the nature and extent of the weather risks insured at Lloyd's, climate change is an especially important subject for the Corporation, market participants and those directly affected.

In June 2006, we launched the 360 Risk Project on Climate Change, bringing together experts from the insurance industry and the worlds of business, politics and academia. The aim is to better understand and ultimately manage the risks posed by climate change. As part of this work, the Corporation established an Emerging Risks team to inform and actively engage with the market's efforts in preparing for emerging risks, including climate change.

The Corporation is a contributor to the finance group of the London Climate Change Partnership, an initiative backed by the Mayor of London to encourage the Financial Services industry to incorporate climate change into its business planning.

#### A fair place to work: talent and diversity

The Corporation recognises that people are our most valuable asset. We are committed to treating staff with fairness, respect and integrity. We have updated policies covering recruitment, remuneration, work/life balance, equal opportunities, diversity, flexible working practices, training and development, communications, health and safety, physical and job security and grievances.

It is vital for Lloyd's and for the wider insurance industry to continue to attract and retain the best talent. Diversity is an important part of this. In 2006, the Diversity Steering Group held discussion forums for employees and set up a new dedicated area on the intranet featuring policies, case studies and resources on diversity.

We continued to issue computer-based training on 'Diversity at Work' for all new employees and hosted discussion groups with firms in the market to share ideas and best practices. We also hosted an event, Talent and Diversity, for people from the Lloyd's market and the wider industry to discuss this issue.

A revised Work/Life Balance policy introduced a new sabbatical policy to enable employees to satisfy their own personal development ambitions within the context of developing a career over the long term.



#### CLIMATE CHANGE – A 360 VIEW

The first series of Lloyd's 360 Risk Project focused on catastrophe trends and what we can do to anticipate and respond to these risks.

As part of our efforts to be involved in the latest climate change research and thinking, the Corporation is funding a PhD post specialising in climate change, working with Professor Lenny Smith at the London School of Economics and Political Science (LSE). This will look specifically at what robust decisions the insurance industry could make based on mathematical models of the climate. Ideally the project will contribute to two-way communication, feeding back to climate scientists on the sort of information that is useful for decision makers. Our aim is to increase the industry's understanding of climate models so that underwriters can better understand the risks and prepare for them.

The Corporation has also become a core member of the Lighthill Risk Network, a network that has been established in response to the need for greater technical assessments of the increasing risks facing insurers. Bringing together the worlds of commerce and scientific research, the Lighthill Risk Network aims to play a dynamic role by enhancing knowledge transfer into insurance from academic, government and professional experts at the forefront of risk-related research, including climate change.

# CORPORATE RESPONSIBILITY: CHARITY INITIATIVES

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## THROUGHOUT OUR HISTORY, LLOYD'S HAS BELIEVED IN GIVING CHARITABLE SUPPORT TO SOME OF THE MOST VULNERABLE IN SOCIETY, IN THE UK AND AROUND THE WORLD.

In 2006, the Lloyd's Charities Trust continued its partnership with three major charities at home and abroad. The Lloyd's Patriotic Fund supported a number of ex-servicemen and women and their dependants, while the Lloyd's Tercentenary Foundation backed innovative scientific research.

### Lloyd's Charities Trust

Lloyd's Charities Trust was established in 1953 to make charitable donations on behalf of the Lloyd's market. In 2006, we continued our three-year partnerships with Macmillan Cancer Support, Hope and Homes for Children and St Giles Trust – charities focusing on health, children and young people and social welfare.

### Macmillan Cancer Support

Macmillan Cancer Support provides medical and emotional support for people living with cancer. Funding from the Lloyd's Charities Trust is enabling the charity to expand the Macmillan CancerLine, a national telephone helpline service, so it can respond better to the needs of children and young people. It has also helped launch a bilingual line.

When Macmillan Cancer Support applied to the Lloyd's Charities Trust for funding, over 50% of CancerLine calls were from or about a child or young person – yet there was no dedicated support service for young people affected by cancer. During our three-year partnership, Macmillan has trained CancerLine staff and volunteers in working with young people and produced materials giving practical information.

In October 2006, YouthLine was officially launched by television presenter Fearné Cotton. The free national telephone helpline offers information and support for 12 to 21-year-olds who have questions or concerns about cancer. YouthLine also gives information to teachers and health professionals who want advice and information for young people. In the first three months after its launch, the YouthLine dealt with over 200 calls from young people and the popularity of the service continues to grow. In December 2006, the YouthLine pages on Macmillan's website received 6,047 visitors, up from 542 in November.

Macmillan's CancerLine service for minority and ethnic groups also had a successful year, recruiting three bilingual staff fluent in Punjabi, Hindi and Urdu. The service launched in March 2007 and is directing callers towards information and services available to them and their families.

### Taking part

In August 2006, women from across the Lloyd's market showed their support for Macmillan by taking part in the Hydro Active Women's Challenge 5km run in Hyde Park, London. Twenty-two women including underwriters, brokers and Corporation staff joined the 20,000 runners.

In September, underwriters and brokers took part in the World's Biggest Coffee Morning. The event was held in the Underwriting Room at Lloyd's, where, over coffee and cake, people could make donations to Macmillan and learn about its work. Simultaneous

### A HELPING HAND IN 2006

**363** children, young mothers and families in Sierra Leone helped by Hope and Homes for Children.

**7,006** calls and visitors to Macmillan YouthLine cancer information service since its launch.

**65** prisoners have volunteered as Peer Advisors and completed NVQ Level 3 in Advice and Guidance under the St Giles Trust Peer Advisor Scheme.

**185** special grants and annuities provided to ex-service men and women, widows and dependants through Lloyd's Patriotic Fund.

**4** academic research fellowships supported by Lloyd's Tercentenary Foundation.



events were also held in ten companies from the market and at our Chatham office in Kent.

### Hope and Homes for Children

Hope and Homes for Children (HHC) works to transform the lives of orphaned and homeless children in Central and Eastern Europe and Africa by providing them with the love of a family and the security of a home. The Lloyd's Charities Trust contributes to HHC's work in Sierra Leone, supporting the country's poorest children left vulnerable after a decade of civil war.

HHC has transformed the lives of children in Sierra Leone since 1994, helping families back to self-sufficiency. The partnership with Lloyd's helps to provide childcare services in the capital, Freetown and the southern district of Bonthe. In Bonthe, teenage mothers are provided with childcare advice as well as schooling or vocational training so that they have the skills to care for their babies and plan for their futures.

### St Giles Trust

St Giles Trust helps disadvantaged people and the homeless. Due to lack of support, ex-offenders often find themselves in a cycle of homelessness and re-offending. Funding from the Lloyd's Charities Trust is supporting a new Peer Advisors Scheme in seven prisons in Kent and one young offenders institution, helping short-term prisoners with housing advice and guidance on how to get back on their feet after release and break the cycle of re-offending.

The project provides training for prisoners up to NVQ Level 3, giving them a qualification and allowing them to act as volunteer Peer Advisors, providing housing and resettlement advice to vulnerable short-term prisoners. In 2006, 65 prisoners volunteered as Peer Advisors and completed the NVQ Level 3 in Advice and Guidance and the project will now be expanded into further prisons.

### Lloyd's Patriotic Fund

For more than 200 years the Lloyd's Patriotic Fund has provided financial assistance to former servicemen and women, their widows and dependants. With conflicts continuing in Iraq and Afghanistan, the number of ex-servicemen and women requiring financial support continues to grow.

In 2006, the Fund increased its financial provision to help 95 former servicemen and women in need, in association with charity SSAFA Forces Help. In addition, the fund provided annuities to top up low incomes for 45 WWII ex-servicemen and their widows.

The Lloyd's Patriotic Fund also supported 31 Gurkha pensioners and 14 children of service personnel at nominated schools and help was given towards the rebuilding and refurbishment of the veterans' accommodation at the Royal Hospital, Chelsea.

### Lloyd's Tercentenary Foundation

Lloyd's Tercentenary Foundation is a charitable trust, established to fund education and research in fields of medicine, science, engineering and the environment. In 2006, the foundation provided financial support for two post-doctoral research fellows of outstanding promise. A further two candidates were selected in July to commence two-year fellowships in October 2006.



Image courtesy of Macmillan Cancer Support

### TALKING ABOUT CANCER – YOUTHLINE

Macmillan's YouthLine, which has been supported through funds from the Lloyd's Charities Trust, receives calls from young people diagnosed with cancer and also from young people who have had a friend or family member diagnosed. Whatever the situation, the young people are often distressed and confused and they need to talk.

Eighteen-year-old Jane\* from Newcastle has benefited from the service. She said, "I'd just started at university when my Mum was diagnosed with breast cancer. As well as worrying about her, I felt terrible being so far away from home and that I was letting my family down by not being there.

"Speaking to someone on the YouthLine really helped me get it in perspective. We talked about what was happening to my Mum, what the rest of the family was going through and how I could go and visit my Mum while not having to feel guilty about wanting to live my life. It just felt good to tell someone how I felt."

\* The name has been changed.

# CORPORATE RESPONSIBILITY: LLOYD'S COMMUNITY PROGRAMME

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## A RECORD YEAR IN 2006 WITH MORE VOLUNTEERS AND MORE INITIATIVES TO BENEFIT PEOPLE IN EAST LONDON.

The Lloyd's Community Programme was set up in 1989, to mobilise the time, skills and resources of companies and individuals in the market and Corporation employees to help improve the opportunities and environment in our neighbouring East London boroughs.

In 2006, over 850 volunteers from 77 Lloyd's market companies and the Corporation took part in a wide range of opportunities. Education support in schools, where volunteers give their time to help pupils with literacy, numeracy or language skills, is the mainstay of the volunteer programme.

### A sporting chance

Lloyd's is also creating sporting opportunities for local schools. In May, 180 children competed for the first Lloyd's Football Cup at the Leyton Orient Community Sports Grounds in Waltham Forest. Volunteers partnered up with local primary schools to provide coaching in the months leading up to the event and helped run the tournament. In July, more volunteers supported the Lloyd's Cricket Cup at Victoria Park, Hackney, which involved over 350 children.

Through the Lloyd's Community Programme, Brit Insurance, a Lloyd's managing agent, took more than 100 children from Hackney and Tower Hamlets to spend a day at the Brit Insurance Oval cricket ground in London in June. The children were coached by Surrey coaching staff and former England captain Alec Stewart.

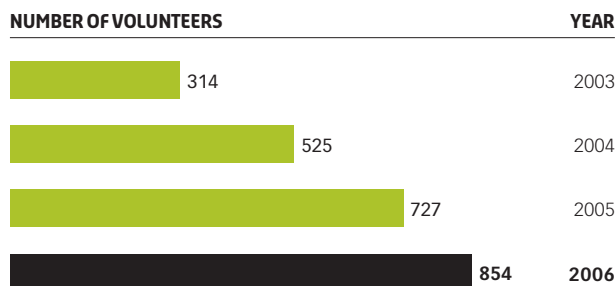
### Educational successes, employment challenges

2006 was a year of achievement for Tower Hamlets schools, with primary school children (aged 11) achieving above the national average in both English and Maths. At secondary level the improvement in GCSEs continued: the number of pupils achieving five GCSE grades A\*-C, including Maths and English in Year 11 (16-year-olds) increased from 30.2% (2005) to 34%. Tower Hamlets' primary and secondary schools have improved a great deal in the last ten years and Lloyd's Community Programme volunteers have played a part in this success through helping with literacy and numeracy.

Employability, however, remains a real challenge. For many pupils in the borough, improvements in grades are not necessarily translating into good jobs. Tower Hamlets has the highest unemployment rate in London (12.7% compared to 5.5% nationally). The number of young people not in employment, education or training in the borough is estimated at 12.3% in 2006 – significantly higher than other parts of the country.

Recognising this challenge, the Lloyd's Community Programme intensified its focus on employability and work-related learning. In August, a one-day introductory course on insurance and the Lloyd's market was held at One Lime Street, staged with the Tower Hamlets Summer University. Fifteen young people had the chance to spend

### LLOYD'S COMMUNITY PROGRAMME VOLUNTEERS



time in the Underwriting Room experiencing work as either a broker or an underwriter. We will continue this initiative, especially in Hackney, which faces similar challenges to Tower Hamlets.

### Summer jobs, seminars, business mentoring

We also worked with the City of London Business Traineeship Programme, run by The Brokerage, a charity which helps young people from inner city London find work experience and jobs. In January, a seminar on the insurance sector for 25 graduates was held at Lloyd's. During the summer, a number of Lloyd's market companies accepted students on extended work placements. Lloyd's was also delighted to host the City of London Business Traineeship of the Year Awards.

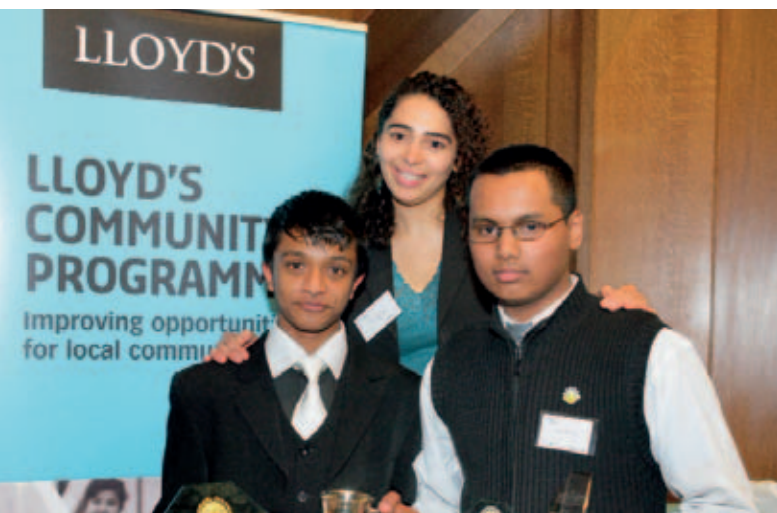
The Lloyd's Community Programme continues to support regeneration in East London through the East London Small Business Centre. A loan fund set up by Lloyd's with an initial investment of £50,000 in 1987 has been successfully loaned and recycled to help 126 small businesses off the ground, which would have otherwise been unable to raise the money. The funding also enabled four-day training courses for potential business entrepreneurs, attended by 800 people during 2006.

Five senior managers from the Lloyd's market worked with the Bromley-by-Bow Centre, mentoring entrepreneurs who are starting up social enterprises. Fluid IT in Hackney is one such social enterprise that has benefited from this mentoring programme. Fluid IT invests in the local community by providing IT support and services to businesses in East London and employment to local people.

### Thank you: the Lloyd's Community Programme member companies

The Lloyd's Community Programme is able to undertake its work in the East London community thanks to the support of the following market companies and service providers:

<a href="#">ACE European Group</a>	<a href="#">HSBC Insurance Brokers Limited</a>
<a href="#">Advent Underwriting Limited</a>	<a href="#">Ince &amp; Co</a>
<a href="#">Alexander Forbes</a>	<a href="#">Jardine Lloyd Thompson Group plc</a>
<a href="#">Amlin plc</a>	<a href="#">Kendall Freeman</a>
<a href="#">Aon Limited</a>	<a href="#">Kiln plc</a>
<a href="#">Ascot Underwriting Limited</a>	<a href="#">LeBoeuf, Lamb, Greene &amp; MacRae</a>
<a href="#">Atrium</a>	<a href="#">Liberty Syndicates</a>
<a href="#">BMS Group Limited</a>	<a href="#">Lloyd's</a>
<a href="#">Barlow Lyde &amp; Gilbert</a>	<a href="#">Marketform Group</a>
<a href="#">Beazley Furlonge Ltd</a>	<a href="#">Marsh Limited</a>
<a href="#">Benfield</a>	<a href="#">Mazars</a>
<a href="#">Bowood Partners Limited</a>	<a href="#">Miller Insurance Services Limited</a>
<a href="#">Brit Insurance Holdings plc</a>	<a href="#">Munich Re Underwriting Limited</a>
<a href="#">Canopus Managing Agencies Limited</a>	<a href="#">Navigators Underwriting Agency Ltd</a>
<a href="#">Capita Insurance Services</a>	<a href="#">Omega Underwriting Agents Ltd</a>
<a href="#">Catlin Underwriting Agencies Limited</a>	<a href="#">PricewaterhouseCoopers</a>
<a href="#">Chaucer Syndicates Limited</a>	<a href="#">QBE Insurance Group</a>
<a href="#">CMGL</a>	<a href="#">Reynolds Porter Chamberlain</a>
<a href="#">Denis M Clayton &amp; Co Limited</a>	<a href="#">St Paul Travelers Foundation</a>
<a href="#">Ernst &amp; Young</a>	<a href="#">Talbot Underwriting Ltd</a>
<a href="#">Faraday Underwriting Limited</a>	<a href="#">Wellington Underwriting Limited</a>
<a href="#">Hardy Underwriting Group plc</a>	<a href="#">Xchanging Claims Services</a>
<a href="#">Heath Lambert Group</a>	<a href="#">Xchanging Ins-sure Services</a>
<a href="#">Hiscox plc</a>	<a href="#">XL London Markets Ltd</a>
<a href="#">Holman's</a>	



### IN HIS OWN WORDS: TOWER HAMLETS PUBLIC SPEAKING COMPETITION

Fifteen-year-old Rabby Fozlay was the winner of the 2006 Tower Hamlets Schools' Public Speaking Competition, sponsored by the Lloyd's Community Programme. The competition, run by Tower Hamlets Education Business Partnership, is open to 14-15-year-olds. The finals, held in Lloyd's Old Library, saw nine students debate the topic of education reforms.

Rabby, a student at Swanlea Secondary School, impressed the judges with his thinking and eloquence. When he revealed his ambition to become a barrister, one of the judges, a former barrister, offered to arrange a mini pupillage for him. He also went on to meet HRH Prince of Wales, who was visiting Lloyd's in July and gave a speech at Lloyd's Community Programme AGM in December.

"The competition gave me a platform to prove I am as able and dedicated as any of my age in the country," said Rabby. "It provided me with a means to represent every other pupil at my school and show why Tower Hamlets' schools are progressing fast."

Rabby Fozlay (left) with Monica Gomes of Tower Hamlets Education Business Partnership and Hanif Ahmed (right), winner of the Ralph Charan 'Most Improved Speaker' trophy.