

Lloyd's of London: Greenhouse Gas Emissions Reporting 2008

Assurance Statement

Scott Wilson Ltd was appointed by Lloyd's of London to provide assurance to stakeholders that reporting of its 2008 greenhouse gas emissions is aligned with the requirements of the WBCSD/WRI Greenhouse Gas Protocol.¹ Scott Wilson is not currently engaged by Lloyd's of London on any other environmental consultancy work and we are unaware of any conflict of interest associated with this assignment.

The review began in January 2009 and concluded during March 2009. It involved an examination of existing reporting data and audit trails, an exchange of emails and some face to face and telephone interviews with representatives of Lloyd's of London. Following our review a number of additions, changes and refinements were made and we are now satisfied that the published report reflects the reporting requirements of the Greenhouse Gas Protocol, viz:

Relevance – It is our opinion that the reported greenhouse gas emissions accurately and reliably reflect the company's material emissions in the UK during 2008. Where there are omissions or limitations these have been adequately identified and justified. The information should therefore be sufficient to serve decision-making needs of internal users and external stakeholders.²

Completeness – It is our opinion that the 2008 greenhouse gas emissions inventory generally accounts for and reports on all sources and activities within the defined scope, subject to the limitations identified below, and that all data limitations and exclusions are substantially correct and justified.

The principal limitation arises from estimation of electricity consumption at CoLo DataCentre (Scope 2).

Consistency – This is the second year of reporting and there are no major changes to the sources of greenhouse gas emissions, the scope or methods used to report at this time.

Defra recommend that for the 2008/9 reporting year, it is best practice to report emissions associated with electricity from renewable sources using the grid average electricity quotient. Adoption of this recommendation results in a significant increase in the reported greenhouse gas emissions associated with electricity (Scope 2).

It is our opinion that the scope of reporting, methodology adopted and use of the latest Defra conversion factors,³ including those determined on a net calorific value basis,

¹ <http://www.ghgprotocol.org/>

² Note that it is our understanding that this information is not intended for use in regard to any emissions trading or carbon off-setting arrangements.

³ Defra, 2008; Guidelines to Defra's GHG conversion factors for company reporting, Annexes updated June 2008.

demonstrate a consistent methodology that will facilitate meaningful comparison of the company's greenhouse emissions over time.

Transparency – It is our opinion that all relevant issues are dealt with in a factual and coherent manner and that they are, unless subject to specified limitations, based upon clear audit trails. All relevant data limitations, assumptions and references are clearly indicated in the notes supporting the greenhouse gas emissions inventory.

Accuracy – It is our opinion that greenhouse gas emissions are accurately and reliably reported, with limitations clearly stated.



David Smith, Head of Resource and Environment Group &



Fraser Paterson, Principal, Corporate Responsibility
Scott Wilson Ltd.
March 23 2009.

Scope of Reporting

The inventory includes emissions associated with Lloyd's activities at its two principal UK offices (1986 Building and Fidentia House) and the CoLo Data Centre during 2008. All three buildings are leased, with Lloyd's having 'management control' over infrastructure at 1986 Building and Fidentia House, but not CoLo due to shared tenancy. This scope of reporting encompasses 83.7% of Lloyd's permanent and contracted staff worldwide.⁴

⁴ Employee Demographics, from Lloyds, March 2009.

Limitations

- i) Part way through the reporting period, Defra revised its guidance with regard to the use of conversion factors in respect of renewable energy consumption. Prior to that it was accepted common practice to use zero for electricity bought on a 'green tariff' certified by OFGEM. Defra now recommends that 'best practice' is to use the grid average electricity quotient so that emissions from renewable sources are converted at the standard 0.53702 rate and not zero.

Lloyd's of London entered a renewables supply contract with Gaz de France from 01.04.08 (prior to Defra's change in approach) and its electricity bills for the two buildings concerned indicate that Climate Change Levy applied to electricity supplied equals zero. Accordingly, the company could have justifiably applied a zero rated emission factor resulting from the green tariff and zero-rated this element of its footprint and thereby achieved a much lower UK total Scope II emissions of 3,433.22 tCO₂e and an overall total of 5,766.33 tCO₂e.

Lloyd's of London has, however, applied the grid tariff to its 2008 inventory in accordance with Defra's current guidance for 'best practice'. Using the rolling grid average of 0.53702 instead of zero, the UK total Scope II emissions are calculated at 12,016.19 tCO₂e and overall total emissions are 14,349.29 tCO₂e. Reported emissions are therefore c.8,500 tCO₂e higher than originally anticipated, or would have been reported following the methodology adopted for reporting 2007 emissions.

- ii) Lloyd's does not have access to primary data relating to utilities consumption at the CoLo DataCentre as it is leased with services provided by the landlord under a service contract. Electricity consumption for the CoLo DataCentre was estimated from consumption monitoring data obtained by Lloyd's during 2008. Estimated consumption of 1,527,592 kWh has been entered into the inventory (Scope 2), this was estimated using a methodology consistent with that adopted for 2007 reporting. No other emissions data for the CoLo DataCentre has been incorporated into this year's inventory.
- iii) Almost all business air travel is booked through a single travel agent that provided information on passenger miles flown. Distances are calculated automatically by the flight reservation system on the basis of 'destination groups' in geographical sectors in accordance with the Official Airline Guide. (OAG) guidelines adopted by the travel industry.
- iv) Freight related emissions are not identified as such, but, UK based, inter-office freight movements are largely made using the company's van – which is reported under Scope 1.