

Lloyd's 2017 Greenhouse Gas Emissions Inventory

Lloyd's has been reporting its greenhouse gas (GHG) emissions to track the Corporation of Lloyd's environmental performance since 2007. We work with Carbon Smart, our environmental consultants, to calculate the GHG emissions from our global operations following internationally recognised standards¹. Our disclosed environmental performance covers all Lloyd's entities that meet the criteria of being subject to control or significant influence of the Corporation of Lloyd's and 100% of contracted staff worldwide.

2017 marks the fifth year in which Lloyd's is reporting on not only UK emissions, but also emissions from international offices, and is the third consecutive year of an overall reduction in global emissions. Lloyd's total reported GHG emissions from our business activities in 2017 were 11,007 tonnes of CO₂e consisting of:

	Scope 1 (tonnes CO ₂ e)	Scope 2 (tonnes CO ₂ e) ²	Scope 3 (tonnes CO ₂ e)	Out of scopes (tonnes CO ₂ e)	Lloyd's total 2017 GHG emissions (tonnes CO ₂ e)	Lloyd's total 2016 GHG emissions (tonnes CO ₂ e)
UK	1,756	6,498	2,916	<1	10,170	12,393
International offices	17	703	118	-	837	1,186
					11,007	13,578³

Lloyd's total reported emissions have decreased by 19% since 2016. This has been driven by reductions in the emissions from global electricity consumption, which accounts for 65% of global emissions, and air travel, which accounted for 10% emissions in 2016, but just 4% in 2017.

As in 2016, Lloyd's are dual reporting scope 2 emissions emanating from electricity consumption. Location-based scope 2 emissions are calculated using a conversion factor based on the average grid mix in each location (issued by Defra in the UK). Market-based scope 2 emissions are calculated using a conversion factor specific to the electricity purchased by Lloyd's. Lloyd's Scope 2 location-based and market-based emissions are shown in the table below:

¹ The methodology used to compile our GHG emissions inventory is in accordance with the requirements of the following standards: the World Resources Institute's Greenhouse Gas Protocol (revised version), ISO 14064-part I and Defra's Environmental Reporting Guidelines: Including mandatory greenhouse gas emissions reporting guidance (June 2013)

² The emissions have been calculated using the Defra 2017 conversion factors. This work is partially based on the country-specific CO₂ emission factors developed by the International Energy Agency, © OECD/IEA 2017 but the resulting work has been prepared by Carbon Smart and Lloyd's and does not necessarily reflect the views of the International Energy Agency.

³ All totals have been rounded to the nearest whole number

	Scope 2 – location-based (tonnes CO ₂ e)	Instrument type	Scope 2 – market-based (tonnes CO ₂ e)	Instrument type
UK	6,498	National grid average emission factor (issued by Defra)	0	Supplier emission factor (100% renewable energy used)
International offices	703	Various national grid average emission factors (issued by Defra & International Energy Agency ⁴)	731	Various national grid average emission factors (issued by Defra & International Energy Agency)
Total	7,201		731	

Lloyd's total location-based scope 2 emissions are 7,201 tCO₂e whilst market-based scope 2 emissions are just 731 tCO₂e. 91% of electricity consumed globally, all of which is used in the UK, is sourced renewably and therefore has an associated conversion factor of zero. To avoid confusion and ensure a consistent approach with previous years, Lloyd's has chosen to report location-based emissions, which is the methodology used to calculate historical scope 2 emissions since 2007.

A further breakdown of Lloyd's emission performance is detailed below:

- Scope 1 emissions rose by 11% on 2016 and 8% on the 2013 baseline. This increase was driven by increase in fuel oil used in the UK to facilitate building shut downs. The benefit of these shutdowns is visible in a reduction in electricity consumption (scope 2 emissions) therefore whilst scope 1 emissions have increased, this is largely offset by a decrease in scope 2 emissions.
- Scope 2 emissions, comprised of global electricity emissions, fell by 18% on 2016 and 29% on the baseline year of 2013. With 91% of global electricity is consumed in the UK, this global reduction was primarily driven by a 5% reduction in actual electricity consumed across the UK and a drop of 15% in the carbon intensity of grid electricity in the UK.
- Scope 3 emissions fell by 36% on 2016 and by 24% on the 2013 baseline. This was driven by a 67% reduction in flight emissions from 2016 to 2017, which resulted from the introduction of a new travel policy that discouraged unnecessary travel. The average journey length in 2017 was also 29% lower than in 2016 resulting in lower emissions per journey undertaken.

For more insight into the quality and reliability of our GHG emissions inventory please access the opinion statement issued by Carbon Smart on our Environment page: www.lloyds.com/ghgemissions

⁴ The emissions have been calculated using the Defra 2016 conversion factors. This work is partially based on the country-specific CO₂ emission factors developed by the International Energy Agency, © OECD/IEA 2016 but the resulting work has been prepared by Carbon Smart and Lloyd's and does not necessarily reflect the views of the International Energy Agency

Carbon Smart opinion statement

This statement provides the Corporation of Lloyd's and its stakeholders with a third party assessment of the quality and reliability of the Corporation's carbon footprint data for the reporting period 1 January 2017 to 31 December 2017. It does not represent an independent third party assurance of the Corporation's management approach to carbon reporting.

Carbon Smart has been commissioned by the Corporation of Lloyd's to calculate the Corporation's carbon footprint for all its UK and international activities for the 2017 annual report. Through this engagement Carbon Smart has assured the Corporation that the reported carbon footprint is representative of the organisation and that the data presented is credible, coherent and compliant with appropriate standards and industry practices. Data has been collected, reviewed and calculated following the ISO 14064 – part 1 standard and verified against the WRI GHG Protocol principles of relevance, completeness, consistency, transparency and accuracy. Where there are omissions or limitations, these have been clearly identified and justified.

Our work has included data reviews with key personnel, both in the UK and in key international offices, a review of internal and external documentation, interrogation of source data and data collection systems including comparisons with the previous years.

We have concluded the following:

Relevance

We have ensured the GHG inventory appropriately reflects the material GHG emissions of the Corporation across its operations in the UK, and internationally, during 2017 and serves the decision-making needs of users, both internal and external to the Corporation.

Completeness

The Corporation of Lloyd's continues to use the operational control approach⁵ for defining the scope of its GHG emissions inventory and calculate total direct Scope 1, 2 and major Scope 3 emissions. Reported environmental data covers 100% of contracted staff worldwide; the review includes all the Corporation's entities that meet the criteria of being subject to control or significant influence of the Corporation.

As 2017 is only the fifth year the Corporation is reporting on emissions from its international offices, data on some emissions sources remains challenging to obtain, and therefore was excluded from the Corporation's overall GHG emissions summary for 2017: refrigerants, company owned/leased vehicles and national rail from non-UK offices.

Consistency

In order to ensure comparability, we have used the same calculation methodologies used in previous years. The Corporation has dual reported for scope 2 emissions in 2017, in line with changes with the WRI Greenhouse Gas Protocol, for the third time. The location based scope 2 total has been used to report the Corporation's total GHG emissions to ensure a consistent approach with previous years.

⁵ Operational control approach – this refers to how Lloyd's operational boundaries have been defined. The Corporation uses an operational control approach, which includes direct and indirect emissions from those buildings over which the Corporation has operational control over.

Carbon Smart Ltd, 3rd floor, 105-107 Farringdon Road, London, EC1R 3BU | Registered in England and Wales, Company number 6235381

Transparency

Where relevant, we have included appropriate references to the accounting and calculation methodologies, assumptions, estimations and re-calculations performed.

Accuracy

To our knowledge, data are considered accurate within the limits of the quality and completeness of the data provided.

Due to their small size, not all of the Corporation of Lloyd's international offices have the capability to report on GHG emissions related activities. As a result, the Corporation currently collects data from fifteen key international offices, representing 75% of the total employees based outside of the UK, up from 69% in 2016. Emissions for the remaining international employees, and their respective offices, were estimated using an average of tonnes of CO₂e per employee outside of the UK. The Corporation will review in the coming year's options available to expand reporting across all offices, and therefore further improve the accuracy of the Corporation's carbon footprint.



Ben Murray

Managing Director

Carbon Smart Limited



Louise Quarrell

Director

Carbon Smart Limited