

Appendix 2

1.1.1 Extract of Independent Expert Engagement Letter

Terms of engagement between The Society of Lloyd's ("Lloyd's") and PKF Littlejohn LLP

The purpose of this letter is to set out the terms of my engagement, subject to approval by the Prudential Regulation Authority (PRA) of my appointment as Independent Expert under Part VII of the Financial Services and Market Act 2000 (FSMA) in connection with the transfer of certain liabilities incurred by members of Lloyd's to "Lloyd's Insurance Company S.A. (Lloyd's Belgium)" (the "Transfer").

My role as Independent Expert will be to consider and to report to the Court on the proposed

Transfer from the perspective of the policyholders of Lloyd's, and to give a reasoned opinion on the likely effect of the Transfer on the policyholders being transferred and the policyholders not subject to the Transfer, including whether any of their interest could be adversely affected in any way by the Transfer.

I will be providing the report in my role of Independent Expert. However, PKF Littlejohn LLP will take responsibility for my work and any work undertaken by its partners and staff. I will be personally responsible for the report, but PKF Littlejohn LLP will also take responsibility for this work.

The form of my report will take into account the relevant guidance in the FCA bulletin "FG18/4.

The Financial Conduct Authority's (FCA) approach to the review of Part VII Insurance Business Transfers" issued in May 2018 and any other guidance or instruction issued or agreed with both the PRA or the FCA.

To enable me to comply with my duties under the Act, I would expect my work to include, but not be limited to, the following:

- 1. A review of the scheme documentation by which the proposed liabilities will be transferred.*
- 2. A review of the Part VII documents drafted to affect the transfer, including a review of the proposed Scheme documentation by which the assets, liabilities, reinsurance, policyholder rights and responsibilities - and any other proposed transferring features - will be transferred. A review of the procedures Lloyd's has undertaken to ensure any matters included and commented upon in my*

report accurately reflect the records maintained by Lloyd's and its underwriting members.

- 3. A review of any reports provided by any Experts, both internally and externally, which Lloyd's have commissioned in order to implement the Transfer. In this respect, we will require unrestricted access to any letters, reports or any communications, both internally and externally, in connection with the Transfer which I believe to be appropriate.*
- 4. Any other procedures, or review, which I consider necessary to enable me to provide the report under the FSMA.*
- 5. Any other matters or procedures as you or I consider reasonable in order to fulfil my obligations under the FSMA.*
- 6. Any other matters or procedures that either the PRA or the FCA consider reasonable for me to undertake in order to fulfil my obligations under the Act.*

I am bound by the Code of Ethics of the Institute of Chartered Accountants in England and Wales and will only act for you on the basis that I will act in accordance with that Ethical Code.