

Terms of Reference for the Chief Executive Officer of Lloyd's.

Introduction

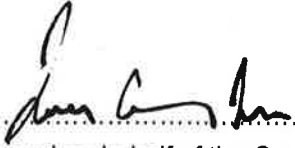
These Terms of Reference implement Lloyd's governance arrangements by which the Council operates. They set out the terms of the delegation of authority from the Council to the Chief Executive Officer and permit for sub-delegation to the Lloyd's executive.

These Terms of Reference are made pursuant to Section 6(5)(5A) and (5B) Lloyd's Act 1982 and Part 4 of the Constitutional Requirements (in the Constitutional Arrangements Byelaw) and are subject to any applicable provisions in Lloyd's Acts, Byelaws and in the Constitutional Requirements.

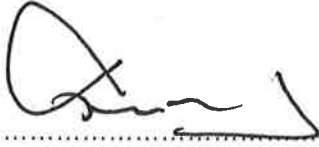
The terms of the delegations herein may only be revoked or amended by the Council.

The Chief Executive Officer, and any member of the Lloyd's executive to whom authority is sub-delegated pursuant to these Terms of Reference, is expected at all times to operate in the best interests of the Society of Lloyd's, in accordance with the terms of their Contract of Employment in accordance with Lloyd's Code of Conduct and otherwise within the authorities described within this document.

Signed


..... On the 26 day of October 2022
for and on behalf of the Council of Lloyd's
Bruce Carnegie-Brown
Chairman of Lloyd's

Signed


..... On the 26 day of October 2022
John Neal
Chief Executive Officer of Lloyd's

The Chief Executive Officer (CEO) shall exercise the functions and powers identified in these Terms of Reference and may take any decisions and exercise any power of the Council that has not been reserved to the Council provided that the decision or exercise of power is taken in accordance with the strategy, policy and principles set by the Council, takes into account all relevant risks and risk appetites, and the CEO acts in accordance with all relevant laws, rules and regulations having regard to relevant advice. The CEO shall attest annually to the Council to confirm that they have at all time acted within the scope and limitations of these Terms of Reference. The Council hereby delegates all relevant powers to the CEO to give effect to this authority. The Council may amend or revoke this delegation of authority at any time.

		Function/Power
SMCR Functions		
SMF1	1.1	Responsible under the immediate authority of the governing body, alone or jointly with others, for carrying out the management of the conduct of the whole of the business (or regulated activities) of a firm
	1.2	To be a member of the Executive Team and the Council and participate actively in the discussion and decision making of each committee on matters in scope of their terms of reference.
	1.3	Making recommendations to Council on the formulation of strategies and plans for the Society and to have responsibility for the delivery of those strategies and plans
	1.4	Leading and managing the Executive Committee and those senior managers who report directly to the CEO and ensuring that their development needs are identified and met to enhance performance and delivery.
	1.5	Ensuring the Chairman is kept informed of important and/or strategic issues facing the Lloyd's market and the Corporation
	1.6	Promoting the Corporation's ESG agenda
	1.7	Ensuring close and effective relations with governmental and external regulatory bodies in the UK, and overseas regulators.
	1.8	Promotion of the Lloyd's market and brand worldwide

	1.9	Ultimate executive responsibility for risk management and to ensure the provision of balanced and accessible information and advice on Society-wide risk issues to the Council.
	1.10	Ultimate executive responsibility for ensuring health and safety requirements are met by the Society.
	1.11	Responsible for the oversight of the establishment and maintenance of such systems and controls as are appropriate for the business.
	1.12	To lead the delivery of all external corporate communications and the promotion of the Lloyd's market and brand worldwide.
	1.13	To create and maintain effective relationships with key stakeholders including market participants, capital providers and representative bodies.
Prescribed Responsibilities		
PR (a)	1.14	Responsibility for the Corporation's performance of its obligations under the Senior Manager's Regime.
PR (b)	1.15	Responsibility for performance of its obligations under the employee Certification Regime.
PR (g)	1.16	Responsibility for monitoring the effective implementation of policies and procedures and professional development of all of the firm's SMF managers and key function holders (other than members of Council)
PR (h)	1.17	Responsibility for overseeing the adoption of the Corporation's culture in day-to-day management of the Corporation
PR (n)	1.18	Responsibility for development and maintenance of the Corporation's business model by the governing body.
PR (p)	1.19	Responsibility for the Corporation's performance of its obligations under Fitness and Propriety (in the PRA Rulebook) in respect of notified non-executive directors and those who perform a key function
Restrictions		
	2.1	No member of the Executive Team may engage or retain a consultant or consultancy, whether on a fixed term contract or any other basis, at a value in excess of £1m without the prior approval of the CEO & CFO.
Management Functions		

	3.1	To lead and manage their function to deliver a high quality and efficient service in line with Lloyd's risk appetites and to ensure compliance with Lloyd's compliance arrangements.
	3.2	To manage their function's budget and to authorise expenditure within authority limits.
	3.3	To ensure that all outstanding internal audit issues relevant to their function are actioned on a timely basis.
	3.4	The CEO may authorise all HR policies
External Engagement		
	4.1	To engage with press or take part in external publicity or speaking events on any topic.
	4.2	To engage with any regulator on any topic.
	4.3	To engage with any governmental institution on any topic.
	4.4	To engage with market stakeholders on any topic.
	4.5	In consultation with the Chief of Markets and CMCO to issue market-wide communications on any topic.
Budget & Expenditure		
In Budget Expenditure		
	5.1	To commit expenditure, engage third parties and commence projects, for items within functional budget up to a total value of £250,000 .
	5.2	With the prior approval and counter-signature of the General Counsel, to commit expenditure, engage third parties and commence projects for items within functional budget for a total value of between £250,000 and £1m .
	5.3	With the prior approval of the Chief Financial Officer, to commit expenditure, engage third parties and commence projects for items within functional budget for a total value of between £1m & £2m .
Unbudgeted Expenditure		

	5.4	Unbudgeted expenditure requires the prior approval of the Executive Committee.
Charitable Donations	5.5	The CEO has sole authority to approve payment by the Society of charitable donations of any monetary value.
Expenses	5.6	To authorise expenses of any employee up to a total value of £10,000 per calendar month. All claims for expenses must comply with relevant policies, including those relating to procurement, travel and gifts and hospitality.
	5.7	With the prior approval of the CFO and the Chairman, to authorise expenses of any employee for a total value in excess of £10,000 per calendar month. All claims for expenses must comply with relevant policies, including those relating to procurement, travel and gifts and hospitality.
Signing Authority		
	6.1	Any "non-disclosure" agreements, settlement agreements, or any contract, third party engagement or project with a total value in excess of £250,000 must be counter-signed by the General Counsel.
	6.2	The provision of any indemnity on behalf of the Society requires the prior approval of the CFO and General Counsel.
	6.3	Subject to 6.1 and 6.2 above, the CEO is authorised to attest the common seal of Lloyd's, execute deeds and sign documents in writing on behalf of Lloyd's in accordance with the Constitutional Arrangements Byelaw.
Recruitment, Remuneration & Termination of employees		
Executive Team members		
Recruitment	7.1	Subject to prior consultation with the Chairman & the Nominations Committee.
SMCR & Solvency II roles		

Recruitment	7.2	The CEO may recruit and may authorise any other member of the Executive to recruit for named SMCR and Solvency II roles.
Remuneration	7.3	Subject to the prior approval of the Remuneration Committee .
Termination	7.4	The CEO may terminate and may authorise any other member of the Executive to terminate the employment of individuals holding named SMCR and Solvency II roles subject always to the taking of advice from Lloyd's Legal as appropriate.
Termination payments	7.5	Subject to the prior approval of the Remuneration Committee.
ELG members and officers of overseas subsidiaries		
Recruitment	7.6	The CEO may recruit and may authorise any other member of the Executive to recruit members of the ELG and officers of overseas subsidiaries.
Remuneration	7.7	An offer of a base salary (permanent or FTC basis) in excess of £100,000 but below £150,000 is subject to prior approval of the Functional Executive.
	7.8	The CEO may offer and may authorise any other member of the Executive to offer a base salary (permanent or FTC basis) in excess of £150,000 but below £250,000 total on target remuneration.
	7.8	An offer of total on target remuneration of £250,000 or above is subject to the prior approval of the Remuneration Committee
Termination	7.9	The CEO may terminate and may authorise any other member of the Executive to terminate the employment of ELG members or officers of overseas subsidiaries subject to the taking of advice from Lloyd's Legal as appropriate.
Termination payments	7.10	In consultation with the CPO.
Other roles		
Recruitment	7.11	To authorise the recruitment of any other employee within their function.
Remuneration	7.12	An offer of a base salary (permanent or FTC basis) in excess of £100,000 but below £150,000 is subject to prior approval of the Functional Executive.
	7.13	The CEO may offer and authorise any other member of the Executive to offer a base salary (permanent or FTC basis) in excess of £150,000 but below £250,000 total on target remuneration.

	7.14	An offer of total on target remuneration of £250,000 or above is subject to the prior approval of the Remuneration Committee
Termination	7.15	To authorise the termination of any other employee within their function - subject always to the taking of advice from Lloyd's Legal as appropriate.
Termination payments	7.16	The offer of a termination payment of up to £150,000 is subject to the prior approval of the CPO. Offers in excess of £150,000 are subject to the prior approval of both the CPO and the CEO.
Governance & Reporting		
Reporting	8.1	The CEO shall report at each ordinary meeting of the Council on their key activities and decisions and exercise of powers taken by them and by those to whom they have sub-delegated
Sub-delegation	8.2	The CEO may delegate the taking of decisions and the exercise of powers, other than Reserved Functions, to employees within their function and may amend or revoke that sub-delegation at any time, provided that the sub-delegation is made in accordance with these Terms of Reference.
Lloyd's Byelaws	8.3	In consultation with the General Counsel, to operate as appropriate the Council's functions and powers under Lloyd's Byelaws