

# Lloyd's Governance Terms of Reference

November 2024

# LLOYD'S GOVERNANCE TERMS OF REFERENCE

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## **Introduction**

These terms of reference implement Lloyd's governance arrangements by which the Council operates. They also set out the terms of the delegation of authority to committees, panels, boards and persons and permit for sub-delegation including to the Lloyd's executive.

These 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.

## **Overview of these terms of reference**

### **The Council's terms of reference**

**Section 1** of these terms of reference provide the terms of reference for the Council (and are rules made pursuant to paragraph 4.27 of the Constitutional Requirements).

### **Delegation by the Council to committees**

**Section 2** of these terms of reference provide the terms of the delegation by the Council to committees of the Council and to the Chairman and Deputy Chairs, and set out the extent and conditions or restrictions that apply to those delegations. The terms of the delegations in Section 2 may only be revoked or amended by the Council by way of special resolution.

## Contents

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### Section 1

#### 1 The Council

### Section 2

#### 2.1 The Committees of the Council

- 2.1.1 Nominations & Governance Committee
- 2.1.2 Remuneration Committee
- 2.1.3 Risk Committee
- 2.1.4 Audit Committee
- 2.1.5 Investment Committee
- 2.1.6 Sustainability Committee
- 2.1.7 Blueprint Two Cutover Committee
- 2.1.8 Technology & Transformation Advisory Panel
- 2.1.9 Underwriting Advisory Panel

#### 2.2 The Special Committees of the Council

- 2.2.1 Market Supervision and Review Committee
- 2.2.2 Capacity Transfer Panel
- 2.2.3 Lloyd's Enforcement Board

#### 2.3 The Chairman and Deputy Chairmen (including the Senior Independent Deputy Chairman)

## Section 1

### 1. The Council

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#### 1. Statutory functions and powers of the Council

1.1 Section 6(1) of Lloyd's Act 1982 provides that *“the Council shall have the management and superintendence of the affairs of the Society and the power to regulate and direct the business of insurance at Lloyd's and it may lawfully exercise all the powers of the Society, but all powers so exercised by the Council shall be exercised by it in accordance with and subject to the provisions of Lloyd's Acts 1871 to 1982 and the byelaws made thereunder.”*

1.2 Section 6(2) of Lloyd's Act 1982 further provides that the Council may *“make such byelaws as from time to time seem requisite or expedient for the proper execution of Lloyd's Acts 1871 to 1982 and for the furtherance of the objects of the Society...”*

1.3 The objects of the Society are set out in section 10 of Lloyd's Act 1871. The objects are –

*“The carrying on by Members of the Society of the business of insurance of every description including guarantee business;*

*The advancement and protection of the interests of Members of the Society in connection with the business carried on by them as Members of the Society and in respect of shipping and cargoes and freight and other insurable property or insurable interests or otherwise;*

*The collection publication and diffusion of intelligence and information;*

*The doing of all things incidental or conducive to the fulfilment of the objects of the Society.”*

#### 2. Council's role, functions, powers and procedures

2.1 The Council has set itself a role being to focus on those tasks which are necessary or appropriate for it to undertake itself as the body with ultimate authority under the Lloyd's Acts 1871 to 1982.

2.2 Subject to its statutory functions and powers, the Council's functions, powers and procedures are provided for in –

- a. the Constitutional Requirements (in the Constitutional Arrangements Byelaw) which provide for –
  - i. the composition of Council;
  - ii. the duties and responsibilities of Council members;
  - iii. the procedural requirements for Council meetings;
- b. the Council Governance Policies (“the Policies”) by which the Council manages its own activities;
- c. these terms of reference for the Council which lists the matters that are reserved to the Council and which set out certain ancillary matters.

### **3. Reserved matters**

3.1 The Council is responsible for ensuring that the Society –

- a. acts in accordance with Lloyd’s Acts 1871 to 1982;
- b. acts in accordance with the Financial Services and Markets Act 2000 and in accordance with its authorisation and permissions;

and only the Council shall perform the functions and exercise any of the powers as set out in the attached Schedule of Reserved Matters.

### **4. Appointments**

4.1 The Council may appoint committees, panels, boards and persons to whom the Council may delegate powers or through whom the Council may act where the Council believes the appointment to be efficient or necessary and the Council shall delegate authority to –

- a. the Chairman and Deputy Chairmen of Lloyd’s and of the Council;
- b. each of the Committees of the Council; and
- c. the Chief Executive Officer,

for the purposes set out in their respective terms of reference below and to perform such of its functions and exercise such of its powers in accordance with those terms of reference.

4.2 The Council shall, from time to time, appoint the members of the Committees of the Council and a list of alternate third party capital nominee and LMA nominee members for use in accordance with the Capacity Transfer Panel's terms of reference having, in each case, regard to the advice and proposals of the Nominations & Governance Committee and, also in the case of the list of alternate members, the Chairman of the Capacity Transfer Panel.

4.3 The Council shall, from time to time, and subject to any provisions in the Lloyd's Acts, determine the terms of office of –

- a. the members of the Council; and
- b. the members of the Committees of the Council,

having, in each case, regard to the advice and proposals of the Nominations & Governance Committee, and, where relevant, the provisions of the Constitutional Requirements.

4.4 The Council may at any time remove a member of any Committee of the Council.

## **5. Ancillary matters**

5.1 The Council will ordinarily meet 8 times a year.

5.2 Members of the Council are entitled to an indemnity from the Society of Lloyd's in a form to be determined pursuant to paragraph 7.16 of the Constitutional Requirements.

5.3 The Council will dedicate a portion of at least one of its meetings each year to a discussion and evaluation of the macro issues influencing the international insurance market and the related economic, political and social issues and other relevant external matters, which may bear upon the long term development of Lloyd's and the achievement of the Corporation Purpose (as defined by the Policies)

## Schedule of Reserved Matters

| Category   |    | Power   |
|--|----|---|
| <b>1. Powers reserved to the Council under Lloyd's Acts</b>          |    |   |
|  | a. | the making, amendment or revocation of any byelaw or regulation and the convening of a general meeting of the Society under section 6(4) of Lloyd's Act 1982 following the service of a notice signed by not less than 500 members requesting that a byelaw, or amendment or revocation of a byelaw be submitted to the members |
|  | b. | confirming, modifying or granting dispensation in respect of any penalty or sanction imposed by a Disciplinary Committee or the Appeal Tribunal   |
|  | c. | appointing the Chairman and Deputy Chairmen of the Council; appointing nominated members of the Council   |
|  |    |   |
| <b>2. Powers which can only be exercised by a special resolution</b> |    |   |
|  | d. | Any power which must be exercised by a special resolution of the Council including –  |
|  |    | i. the appointment and removal of the Members' Ombudsman and Deputy Members' Ombudsman under the Members' Ombudsman Byelaw;   |
|  |    | ii. the prescription of contributions to the Central Fund under paragraph 3 of the Central Fund Byelaw: The amounts of contributions and the manner of calculating such amounts; the date or dates on which such contributions shall be payable and exempting any member or class of member from making contributions;          |

|  |  |
|--|--|
|  | <p>iii. the prescription of contributions to the New Central Fund under paragraph 4 of the New Central Fund Byelaw: The levying of a special contribution; the amounts of annual contributions and of any special contributions and the date or dates on which such contributions shall be payable; the amounts of any callable contributions and exempting any member or class of member from making contributions;</p> |
|  | <p>iv. the prescription of the amounts of entrance fees and annual subscriptions, the manner of calculating such amounts and the dates and manner for paying such amounts under paragraph 2(4) of the Membership (Entrance Fees and Annual Subscriptions) Byelaw and measures taken in connection with the non-payment of such payments under paragraph 4 of that byelaw;</p>  |
|  | <p>v. sanctioning of agreements with members to limit their contributions to the Central Fund and the New Central Fund under paragraph 2(3) of the Membership, Central Fund and Subscriptions (Miscellaneous Provisions) Byelaw;</p>   |
|  | <p>vi. the making of rules for the Members and Underwriting Agents Tier 1 and Tier 2 Arbitration Schemes under paragraph 1 of the Lloyd's Arbitration Scheme (Members and Underwriting Agents Arbitration Scheme) Byelaw; and</p>  |
|  | <p>vii. the suspension of a person as a member of the Council, the Committees of Council or a member of any sub- committee or other body of persons appointed by the Council or Committee in accordance with the Constitutional Requirements.</p>  |



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| <b>3. Powers under specific byelaws</b>                                |    |  |
|  | e. | convening a general meeting of the Society under Part 5 of the Constitutional Requirements   |
|  | f. | under Part 4 of the Constitutional Requirements to set a term of office for a member of Council (paragraph 5.1 of the Constitutional Requirements); to make rules, directions or requirements for the proper and orderly conduct of an election in respect of any vacancy that arises or is due to arise on the Council (paragraph 5.2); to set a timetable in respect of any election (paragraph 5.3); to declare that a Council member's membership of Council shall cease or be suspended (paragraph 5.29). |
| <b>4. Powers reserved to the Council under deeds, instruments etc.</b> |    |  |
|  | g. | any power which must be exercised by the Council in accordance with the provisions or terms of any deed, instrument or contract  |
| <b>5. Strategic plan and budget</b>                                    |    |  |
|  | h. | setting Lloyd's strategy with the objective of ensuring that the strategy represent a satisfactory means of achieving the Corporation Purpose subject to and in accordance with the Council Limitations  |
|  | i. | setting the Corporation budget   |
| <b>6. Appointment of Committees and delegation of authority</b>        |    |  |
|  | j. | the delegation of any powers of Council or amending or revoking any delegation pursuant to paragraphs 4.2 and 4.3 of the Constitutional Requirements;  |
|  | k. | the appointment of the Committees of the Council and delegation of authorities to those bodies   |

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|--|----|---|
|  | l. | the appointment of the members of the Committees of the Council and the agreement of a list of alternate third party capital nominee and LMA nominee members for use in accordance with the Capacity Transfer Panel's terms of reference and the Appeal Tribunal  |
| <b>7. Society of Lloyd's financial statements and accounts</b> | m. | confirmation that the Society of Lloyd's is a going concern   |
|  | n. | Approval of the Society of Lloyd's Annual Report, Interim Report and the annual and interim Lloyd's Aggregate Accounts  |
| <b>8. Other reserved functions</b>                             | o. | the setting of policy and principles relating to the supervision, regulation and direction of insurance business at Lloyd's which are of general application to the market or to any part of the market (the Market Supervision Framework). The Market Supervision Framework shall be set in accordance with the PRA and/or FCA's requirements  |
|  | p. | the setting of prudent policy and principles in order to ensure that members of the Society maintain financial resources which are adequate to meet their liabilities and to protect against the risk that the Society and its members may not have adequate financial resources to meet claims which be set in accordance with the PRA and/or FCA's requirements and shall include the setting of capitalisation ratios, members' risk based capital requirements and the relationship between capitalisation at member level and the New Central Fund |
|  | q. | the setting of policy and principles with regard to the admission and the removal of participants in the Lloyd's market   |
|  | r. | considering and approving Lloyd's risk appetite (both at Corporation and market level)  |
|  | s. | permitting a company to act as an underwriting agent and withdrawing that permission (other than where the underwriting agent in question consents to the withdrawal)   |
|  | t. | making, amending and revoking Standards for underwriting agents   |
|  | u. | approving the Lloyd's Society level capital requirements  |

## Section 2

### 2.1 The Committees of the Council

#### 2.1.1 Nominations & Governance Committee

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##### 1. Membership

- 1.1 The Nominations & Governance Committee shall comprise not more than 8 members. Its members shall be members of the Council save that the Chief Executive Officer and the other executive directors shall not be members of the Nominations & Governance Committee.
- 1.2 Only members of the Nominations & Governance Committee have the right to attend committee meetings. The Chief Executive Officer should normally attend meetings of the Nominations & Governance Committee other than when it is dealing with the matter of the succession of the Chief Executive Officer. Other individuals such as the Chief Human Resources Officer, the Chairman of the Board of Directors of Lloyd's Insurance Company ("LIC") and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.3 Appointments to the Nominations & Governance Committee are made by the Council.
- 1.4 The Council shall appoint the Chairman of Lloyd's as the Chairman of the Nominations & Governance Committee. In the absence of the Chairman of the Nominations & Governance Committee, the remaining members present shall elect one of themselves to chair the meeting. The Chairman of Lloyd's shall not chair the committee when it is dealing with the matter of the succession of the chairmanship. The Chairman shall be responsible for chairing and overseeing the Nominations & Governance Committee.

##### 2. Secretary

- 2.1 The Secretary to the Council or their nominee shall act as secretary of the Nominations & Governance Committee.

### **3. Quorum**

- 3.1 The quorum necessary for meetings of the Nominations & Governance Committee shall be 3 members present. A duly convened meeting of the Nominations & Governance Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.
- 3.2 A member of the Nominations & Governance Committee entitled to be present at a meeting of the Nominations & Governance Committee shall be deemed to be present for all purposes if he is able by telephonic device to be heard by all those present or deemed to be present at the meeting simultaneously. A person so deemed to be present shall be entitled to vote and be counted in the quorum accordingly.

### **4. Meetings**

- 4.1 The Nominations & Governance Committee shall meet at least twice a year and otherwise at the discretion of the Chairman of the Nominations & Governance Committee or as directed by the Council.

### **5. Notice of meetings**

- 5.1 Meetings of the Nominations & Governance Committee shall be called by the secretary of the committee at the request of the Chairman of the Nominations & Governance Committee or where directed by the Council.
- 5.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded, unless not reasonably practical, to each member of the committee no later than 5 working days before the date of the meeting. Supporting papers shall be sent to committee members at the same time.

### **6. Minutes of meetings**

- 6.1 The secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.
- 6.2 Minutes of committee meetings shall be circulated to all members of the committee and, once agreed, to all members of the Council unless it would be inappropriate to do so.

## 7. Annual General Meeting

- 7.1 The Chairman of the Nominations & Governance Committee shall attend the Annual General Meeting prepared to respond to any member's questions on the committee's activities.

## 8. Duties and powers

- 8.1 The Nominations & Governance Committee shall –
- a. keep under review the governance arrangements and leadership needs of the Society and its subsidiaries; and
  - b. keep up to date and fully informed about strategic issues and commercial changes affecting the Corporation, the Lloyd's market and the international insurance market.
- 8.2 Specifically the Nominations & Governance Committee shall have the following duties and powers –

### *The Chairman and Chief Executive Officer*

- a. to propose to the Council candidates for election as Chairman of Lloyd's and for the position of Chief Executive Officer, Chief Financial Officer and Chief of Markets;
- b. where the committee is seeking to identify a person for election as Chairman of Lloyd's, to prepare a job specification, including the time commitment expected. The proposed Chairman's other significant commitments should be disclosed to the Council before election as Chairman and any changes to the Chairman's commitments should be disclosed to the Council as they arise;

### *Nominated Members of the Council*

- c. to propose to the Council candidates for appointment as nominated members of the Council taking into account the skills, knowledge and experience of the Council;
- d. to review the results of the Council's evaluation of its performance that relates to the composition of the Council;

*Members of Committees of Council*

- e. to propose to the Council candidates for appointment as members of the Committees of the Council, and with the Chairman of the Capacity Transfer Panel, the list of alternate members of that Panel;

*Other appointments*

- f. to propose to the Council candidates for any appointments required to be made by the Council under the Lloyd's Acts, Lloyd's byelaws and/or any deed instrument or contract including but not limited to the President and any other members of the Lloyd's Appeal Tribunal, the Lloyd's Members' Ombudsman and Deputy Members' Ombudsman, and trustees of the Lloyd's of London Foundation and the Lloyd's Benevolent Fund;
- g. to propose to the Council candidates for appointment to the Board of Directors of LIC, the Chief Executive Officer of LIC and the executive directors of LIC;

*Re-appointment*

- h. to consider the re-appointment of any person as Chairman of Lloyd's or as a nominated member of Council at the conclusion of their specified term of office having due regard to their performance and ability to continue to contribute in the light of the knowledge, skills and experience required;

*The executive*

- i. whereas the appointment of the members of the Executive Committee who are not members of the Council is a matter for the Chief Executive Officer in consultation with the Chairman of Lloyd's, the Chief Executive Officer should liaise and consult with the Nominations & Governance Committee in this regard;
- j. on the advice of the Chief Executive Officer in consultation with the Chairman of Lloyd's, to recommend to Council the person to be appointed as Secretary to the Council;

### *Succession planning*

- k. to formulate plans for succession planning in particular for the key roles of the Chairman of Lloyd's and the Chief Executive Officer (and also for the nominated members of Council, other executive directors, members of the Board of Directors and the executive directors of LIC, and such other members of the executive management or other persons as it is designated to consider or where their remuneration levels are above such thresholds as the Remuneration Committee may from time to time determine) taking into account the challenges and opportunities facing Lloyd's and the skills and expertise needed for these roles;

### *Governance*

- l. to monitor and, at least annually, review, the effectiveness of the governance structure, policies and practices of the Society taking into account best practice;
- m. to monitor developments in investor ESG expectations;
- n. to coordinate with such other Committees and Groups of the Council as appropriate from time to time, including (but not limited to) the Sustainability Committee;

and to consider such other matters as the Council may from time to time refer to the Nominations & Governance Committee.

8.3 Before making any recommendation regarding candidates for appointment to the Council, the Nominations & Governance Committee shall use its best endeavours to evaluate the balance of skills, knowledge, experience and diversity on the Council, and, in the light of this evaluation, prepare a description of the role and capabilities required for the particular appointment. In identifying suitable candidates the committee shall -

- a. use open advertising and/or the services of external advisers to facilitate the search;
- b. consider candidates from a wide range of backgrounds;

- c. consider candidates on merit and against objective criteria and with due regard for the benefits of diversity, including gender, taking care that appointees have enough time available to devote to the position;
- d. identify and nominate the best candidates for appointment; and
- e. ensure that the Council, as a whole, contains significant insurance and reinsurance knowledge and expertise.

8.4 The Nominations & Governance Committee shall review the Council Diversity Policy and recommend any changes to the Council for approval at least annually.

## **9. Reporting responsibilities**

9.1 The Nominations & Governance Committee shall be accountable to the Council for properly performing its functions.

9.2 The Nominations & Governance Committee shall report to the Council on its proceedings after each meeting on all matters relating to its duties and powers.

9.3 The Nominations & Governance Committee shall make whatever recommendations to the Council it deems appropriate on any area within its remit where action or improvement is needed.

9.4 The Nominations & Governance Committee shall submit a written report to the Council at least annually or at such other times as the Council may require and the Nominations & Governance Committee shall produce a report to be included in the Annual Report about its activities, the process used to make appointments including information as to the use of external advice or open advertising.

## **10. Other matters**

10.1 The Nominations & Governance Committee shall -

- a. have access to sufficient resources in order to carry out its duties and in exercising its powers, including access to the Chief Human Resources Officer and the Council Secretariat function for assistance as required;
- b. be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;



- c. give due consideration to laws, regulations and rules including, where appropriate, the UK Corporate Governance Code and also relevant provisions in Lloyd's Acts 1871-1982 and the Constitutional Arrangements Byelaw; and
- d. arrange for periodic reviews of its own performance and, at least annually, review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Council for approval.

10.2 Members of the Nominations & Governance Committee shall be subject to the same duties and responsibilities which apply to Council members (as set out in Part 3 of the Constitutional Requirements).

10.3 Members of the Nominations & Governance Committee are entitled to an indemnity from the Society of Lloyd's in a form determined pursuant to paragraph 7.16 of the Constitutional Requirements.

## **11. Decisions and Resolution**

### *Decisions*

11.1 Any decision by the Nominations & Governance Committee shall be made by a simple majority of the members of the Nominations & Governance Committee present at the meeting provided that in the event of a tie the chairman of the meeting shall have the casting vote.

### *Paper meetings*

11.2 Where it proves impracticable to convene a meeting of the Nominations & Governance Committee, the papers may be sent to all members of the Nominations & Governance Committee and any decision made and affirmed in writing by at least 4 of the members of the Nominations & Governance Committee, one of the votes being that of the Chairman of the Nominations & Governance Committee, shall be valid and effective as if it had been made at a meeting of the Nominations & Governance Committee duly convened and held, provided that no member of the Nominations & Governance Committee objects to the decision being made by way of a paper meeting, i.e. a written resolution. Any decision by way of a paper meeting shall be reported to the Nominations & Governance Committee at its next meeting.

## **12. Authorities**

- 12.1 The Nominations & Governance Committee shall have all necessary powers and authorities of the Council, other than those reserved to the Council, in order to properly perform its functions.
- 12.2 The Nominations & Governance Committee is authorised to obtain, at the Corporation's expense, external professional advice on any matters within its terms of reference. Where the Nominations & Governance Committee considers that it requires external legal advice, the Secretary to the Nominations & Governance Committee shall, prior to seeking that advice, liaise with the General Counsel.

## 2.1.2 Remuneration Committee

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### 1. Membership

- 1.1 The Remuneration Committee shall comprise not more than 7 members. Its members shall be members of the Council save that the Chief Executive Officer and the other executive directors shall not be members of the Remuneration Committee.
- 1.2 Only members of the Remuneration Committee have the right to attend committee meetings. The Chief Executive Officer should normally attend meetings of the Remuneration Committee other than when it is dealing with the remuneration of the Chief Executive Officer. Other individuals such as the Chief People Officer and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.3 Appointments to the Remuneration Committee are made by the Council upon the advice of the Nominations & Governance Committee.
- 1.4 The Council shall appoint the Chairman of the Remuneration Committee from amongst the members of the Remuneration Committee. In the absence of the Chairman of the Remuneration Committee, the remaining members present shall elect one of themselves to chair the meeting. The Chairman of Lloyd's shall be a member, but not chair, of the Remuneration Committee. The Remuneration Committee Chairman shall be responsible for chairing and overseeing the Remuneration Committee and, in particular, shall be responsible for overseeing the development and implementation of Lloyd's remuneration policies and practices.

### 2. Secretary

- 2.1 The Head of Reward or their nominee shall act as secretary of the Remuneration Committee.

### 3. Quorum

- 3.1 The quorum necessary for meetings of the Remuneration Committee shall be 3 members present. A duly convened meeting of the Remuneration Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.
- 3.2 A member of the Remuneration Committee entitled to be present at a meeting of the Remuneration Committee shall be deemed to be present for all purposes if he is able by telephonic device to be heard by all those present or deemed to be present at the

meeting simultaneously. A person so deemed to be present shall be entitled to vote and be counted in the quorum accordingly.

#### **4. Meetings**

- 4.1 The Remuneration Committee shall meet at least twice a year and otherwise at the discretion of the Chairman of the Remuneration Committee or as directed by the Council.

#### **5. Notice of meetings**

- 5.1 Meetings of the Remuneration Committee shall be called by Council Secretariat at the request of the Chairman of the Remuneration Committee or where directed by the Council.
- 5.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded, unless not reasonably practical, to each member of the committee no later than 5 working days before the date of the meeting. Supporting papers shall be sent to committee members at the same time.

#### **6. Minutes of meetings**

- 6.1 The secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.
- 6.2 Minutes of committee meetings shall be circulated to all members of the committee.

#### **7. Annual General Meeting**

- 7.1 The Chairman of the Remuneration Committee shall attend the Annual General Meeting prepared to respond to any member's questions on the committee's activities.

#### **8. Duties and powers**

- 8.1 The Remuneration Committee shall have the following duties and powers –

##### *Remuneration policy*

- a. to set the policy for the remuneration of the Chairman of Lloyd's, the Chief Executive Officer, the executive directors, any other direct reports of the Chief

Executive Officer and such other members of the executive management or other persons (including individual consultants) as it is designated to consider or where their remuneration levels are above such thresholds as the committee may from time to time determine;

- b. in reviewing such policy, the Remuneration Committee shall take into account all factors which it deems necessary including relevant legal and regulatory requirements, including any applicable provisions and recommendations in the UK Corporate Governance Code and associated guidance. The objective of such policy shall be to ensure those subject to the policy are provided with appropriate incentives measured against appropriate metrics to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Corporation and of the Lloyd's market as a whole;
- c. to approve the list of Solvency II staff and ensure that the remuneration policy incorporates specific arrangements for Solvency II staff which meet the relevant criteria set out in the Solvency II regulation and any associated guidance from the Prudential Regulation Authority;
- d. within the terms of the remuneration policy and in consultation with the Council, the Chairman of Lloyd's and/or the Chief Executive Officer, as appropriate, to set the total individual remuneration package, including any bonuses and incentive payments, of the Chairman of Lloyd's, the Chief Executive Officer, each executive director, any other direct reports of the Chief Executive Officer and such other members of the executive management or other persons (to include named SMCR roles, all roles defined as Solvency II staff for remuneration purposes and individual consultants) as it is designated to consider or where their remuneration levels are above such thresholds as the committee may from time to time determine;
- e. to obtain reliable, up-to-date information about remuneration in other companies (including companies in the Lloyd's market) and in this regard the Remuneration Committee may appoint remuneration consultants or commission or purchase any relevant reports (subject to any budgetary restraints imposed by the Council);
- f. to liaise with the Risk Committee on the alignment of risk and remuneration, to ensure that risk and risk culture are properly considered in developing the remuneration policy and risk weightings are appropriately applied to performance objectives incorporated in senior management remuneration. The Chief Risk Officer will be invited to attend meetings to provide input into the remuneration policy and process. When consideration is given to incentive risk adjustments:

- i. the Remuneration Committee will consider reports from the Chief Risk Officer, the Head of Internal Audit and the Chief Financial Officer; and
  - ii. a member of the Risk Committee will attend the Remuneration Committee (as a member of the Remuneration Committee or otherwise) ensuring that the process takes into account all relevant risk matters.
- g. to appoint and set the terms of reference for any remuneration consultants who advise the Remuneration Committee;

#### *Incentive schemes*

- h. to oversee the operation of and make any amendments to any incentive schemes operated by the Corporation including the Lloyd's Bonus Scheme and agree any new schemes;

#### *Pensions and other benefits*

- i. to consider the policy for, and scope of, pension arrangements for the Chief Executive Officer, each of the executive directors, any other direct reports of the Chief Executive Officer and such other members of the executive management or other persons as it is designated to consider or where their remuneration levels are above such thresholds as the committee may from time to time determine;
- j. to advise on any major changes in employee benefits structures throughout the Corporation (and its subsidiaries) and to review any proposed annual percentage increase in salary for all Corporation employees (including employees of Corporation subsidiaries);
- k. to consider whether incentive schemes drive behaviours consistent with Lloyd's purpose, values and strategy, coordinating with such other Committees and Groups of the Council as appropriate from time to time, including (but not limited to), the Sustainability Committee;

#### *Termination*

- l. to oversee any contractual terms on termination of employment of the Chairman of Lloyd's, the Chief Executive Officer, an executive director, any other direct report of the Chief Executive Officer and such other members of the executive management or other persons it is designated to consider or where their remuneration levels are above such threshold as the committee may from time to time determine, and any payments made, to ensure that they are fair to the individual and the Corporation and that failure is not rewarded;

### *Evaluation*

- m. to review annually the performance of the Chairman, the Chief Executive Officer, the executive directors, any other direct reports of the Chief Executive Officer and such other members of the executive management or other persons as it is designated to consider or where their remuneration levels are above such thresholds as the committee may from time to time determine;

### *Other advice*

- n. remuneration of members of the Council and its committees (other than where those members are executive directors) is a matter for Council on the recommendation of the Chairman of Lloyd's and the Chief Executive Officer. The Chairman of Lloyd's and the Chief Executive Officer may liaise and consult with the Remuneration Committee in this regard as they think appropriate; and
- o. to consider such other matters as the Council may from time to time refer to the Remuneration Committee.

8.2 No-one shall be involved in any discussion or decision of the Remuneration Committee regarding their own remuneration or in the evaluation of their own performance.

## **9. Reporting responsibilities**

9.1 The Remuneration Committee shall be accountable to the Council for properly performing its functions.

9.2 The Remuneration Committee shall report to the Council on its proceedings after each meeting on all matters relating to its duties and powers in particular in respect of the application of the remuneration policy.

9.3 The Remuneration Committee shall make whatever recommendations to the Council it deems appropriate on any area within its remit where action or improvement is needed.

9.4 The Remuneration Committee shall submit a written report to the Council annually or at such other times as the Council may require and the Remuneration Committee shall produce a report of the Corporation's remuneration policy and practices to be included in the Annual Report to be considered at the Annual General Meeting.

## **10. Other matters**

10.1 The Remuneration Committee shall -

- a. have access to sufficient resources in order to carry out its duties and in exercising its powers, including access to remuneration consultants, the Chief People Officer and Council Secretariat for assistance as required;
  - b. be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
  - c. give due consideration to laws, regulations and rules including, where appropriate, the UK Corporate Governance Code; and
  - d. arrange for periodic reviews of its own performance and, at least annually, review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Council for approval.
- 10.2 Members of the Remuneration Committee shall be subject to the same duties and responsibilities which apply to Council members (as set out in Part 3 of the Constitutional Requirements).
- 10.3 Members of the Remuneration Committee are entitled to an indemnity from the Society of Lloyd's in a form determined pursuant to paragraph 7.16 of the Constitutional Requirements.

## **11. Decisions and Resolution**

### *Decisions*

- 11.1 Any decision by the Remuneration Committee shall be made by a simple majority of the members of the Remuneration Committee present at the meeting provided that in the event of a tie the chairman of the meeting shall have the casting vote.

### *Paper meetings*

- 11.2 Where it proves impracticable to convene a meeting of the Remuneration Committee, the papers may be sent to all members of the Remuneration Committee and any decision made and affirmed in writing by at least 4 of the members of the Remuneration Committee, one of the votes being that of the Chairman of the Remuneration Committee, shall be valid and effective as if it had been made at a meeting of the Remuneration Committee duly convened and held, provided that no member of the Remuneration Committee objects to the decision being made by way of a paper meeting. Any decision by way of a paper meeting shall be reported to the Remuneration Committee at its next meeting.



## **12. Authorities**

- 12.1 The Remuneration Committee shall have all necessary powers and authorities of the Council, other than those reserved to the Council, in order to properly perform its functions.
- 12.2 The Remuneration Committee is authorised to obtain, at the Corporation's expense, external professional advice on any matters within its terms of reference. Where the Remuneration Committee considers that it requires external legal advice, the Secretary to the Remuneration Committee shall, prior to seeking that advice, liaise with the General Counsel.

### 2.1.3 Risk Committee

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#### 1. Membership of the Risk Committee

- 1.1. The Risk Committee shall comprise a minimum of 4 and a maximum of 8 members to include at least 2 members who are Nominated Members of the Council one of whom shall be the Chairman of the Risk Committee one of whom may be the Deputy Chairman of the Risk Committee;
- 1.2. Appointments to the Risk Committee are made by the Council on the recommendations of the Nominations & Governance Committee.
- 1.3. In the absence of the Risk Committee chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 1.4. Only members of the Risk Committee have the right to attend meetings of the Committee. However, it is expected that the Chief Risk Officer, Chief Executive Officer, Chief Financial Officer, Chief of Markets and Head of Internal Audit will ordinarily attend meetings.

#### 2. Functions, responsibilities and powers of the Risk Committee

- 2.1. The purpose of the Risk Committee is to assist the Council in its oversight duties in respect of the identification of and control by the management of material risks to the objectives of Lloyd's. This encompasses the processes undertaken by management to identify, evaluate and mitigate the material risks to the objectives including, but not limited to, insurance risk, investment risk, credit risks, liquidity risk, operational risk, and regulatory risk in respect of the Corporation (including global offices), its insurance subsidiaries and the aggregate market and thematic risks which could affect the Lloyd's market or the Society as a whole. In carrying out its role, the Committee will take into account the relevant work of the Investment Committee, the Audit Committee and relevant insurance subsidiary committees.
- 2.2. The functions of the Risk Committee shall be to –
  - a. Monitor quarterly and review at least annually the risk appetite and risk limits and make recommendations as to their appropriateness to the Council. Risks arising in the market are to be considered on an individual syndicate level as well as aggregate for the market;

- b. Review and make recommendations to the Council regarding Lloyd's regulatory and economic capital requirements;
- c. Review and make recommendations to the Council regarding the Corporation's annual "market oversight plan" determining the priorities for the oversight of the market based on current and prospective risks;
- d. On a quarterly basis to review and annually to recommend to the Council for approval the ORSA report;
- e. Review and consider the appropriateness of the design and methodologies associated with the "Lloyd's Internal Model" (LIM) including stress and scenario testing and the results of the independent validation of the LIM, and to make such reports and recommendations to the Council regarding proposed changes (including major model change applications), stress and scenario testing, or other actions in relation to the LIM as appropriate;
- f. Review and approve the Corporation's annual risk plan and to monitor the progress against the plan respectively;
- g. Review management's proposals for the global risk management framework and associated internal control and make recommendations as to its adoption or otherwise;
- h. Review reports from management and management level risk committees regarding their oversight of any heightened or material risks, and on any material breaches of risk limits and the adequacy of proposed action;
- i. Review management's assessment of emerging and strategic risks, including climate change;
- j. Review and approve the CRO's qualitative advice to the Remuneration Committee on risk weightings to be applied to performance objectives incorporated in senior management remuneration;
- k. Review and approve the Corporation's annual compliance plan and monitor the progress against the plan respectively. Ensure that appropriate arrangements are in place to ensure that the Corporation's activities are in compliance with relevant laws and regulations; and

1. Review and oversee the impact of ESG sustainability on the Lloyd's Risk Appetite Framework when undertaking any of the functions set out in these terms of reference, coordinating with such other Committees and Groups of the Council as appropriate from time to time, including (but not limited to), the Sustainability Committee.

2.3. The Risk Committee shall be accountable to the Council for properly performing its functions and the Risk Committee shall have all necessary powers of the Council, other than those reserved to the Council, in order to properly perform its functions.

### **3. Duties of the Risk Committee, the Chairman and Risk Committee members**

3.1. The Risk Committee shall perform all of its functions and exercise all of its powers subject to and in accordance with the Council Limitations.

3.2. The Chairman of the Risk Committee shall be responsible for chairing and overseeing the performance of the Risk Committee in accordance with its terms of reference.

3.3. Members of the Risk Committee shall be subject to the same duties and responsibilities which apply to Council members (as set out in Part 3 of the Constitutional Requirements).

3.4. The Risk Committee Chairman should attend the Annual General Meeting of the Society to respond to questions from members on the Committee's activities.

3.5. The Risk Committee will liaise with the Remuneration Committee on the alignment of risk and remuneration to ensure that risk and risk culture are properly considered in setting remuneration. The Risk Committee will consider if risk adjustments to individual senior management remuneration (including but not limited to bonuses) should be proposed to the Remuneration Committee as part of the annual performance assessment. The Chief Risk Officer (CRO) will be invited to attend meetings of the Remuneration Committee to provide input into the remuneration policy and process. When consideration is given to remuneration adjustments:

- i. The Risk Committee will consider any reports from members of the Risk Committee who also attend the Remuneration Committee;
- ii. The Risk Committee will review and approve the CRO's advice to the Remuneration Committee on risk weightings to be applied to performance objectives incorporated in senior management remuneration; and
- iii. A member of the Risk Committee will attend the Remuneration Committee (as a member of the Remuneration Committee or otherwise) ensuring that the process takes into account all relevant risk matters.

- 3.6. The Risk Committee shall review and reassess its terms of reference on an annual basis

#### **4. Meetings**

##### *Frequency*

- 4.1. The Risk Committee shall meet at the discretion of the Chairman of the Risk Committee or, in the Chairman's absence, at the discretion of the Deputy Chairman of the Risk Committee unless otherwise directed by the Council.
- 4.2. The Risk Committee will ordinarily meet six times per year.
- 4.3. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded, unless not reasonably practical, to each member of the committee no later than 5 working days before the date of the meeting. Supporting papers shall be sent to committee members at the same time.

##### *Quorum*

- 4.4. The quorum of the meeting shall be 2 members present at least one of whom shall be a Nominated Member of the Council of Lloyd's.
- 4.5. A member of the Risk Committee entitled to be present at a meeting of the Risk Committee shall be deemed to be present for all purposes if they are able by telephonic device to be heard by all those present or deemed to be present at the meeting simultaneously. A person so deemed to be present shall be entitled to vote and be counted in the quorum accordingly.

##### *Decisions*

- 4.6. Any decision taken by the Risk Committee shall be made by a simple majority of the members of the Risk Committee present at the meeting provided that in the event of a tie the chairman of the meeting shall have the casting vote.

##### *Minutes*

- 4.7. Minutes shall be maintained of the proceedings of the Risk Committee.

### *Paper meetings*

- 4.8. Where it proves impracticable to convene a meeting of the Risk Committee, the papers may be sent to all members of the Risk Committee and any decision made and affirmed in writing by at least 2 of the members of the Risk Committee eligible to vote, one of the votes being that of the Chairman or Deputy Chairman of the Risk Committee, shall be valid and effective as if it had been made at a meeting of the Risk Committee duly convened and held provided that no member of the Risk Committee objects to the decision being made by way of a paper meeting. Any decision made by way of a paper meeting shall be reported to the Risk Committee at its next meeting.

## **5. Power to obtain assistance**

- 5.1. In the performance of its functions and in the exercise of its powers the Risk Committee may obtain assistance from any person.
- 5.2. Where the Risk Committee considers that it requires external legal advice, the Secretary to the Risk Committee shall, prior to seeking that advice, liaise with the General Counsel.

## **6. Reporting**

- 6.1. The Risk Committee shall submit a written report to the Council annually on its activities for that year. The Risk Committee will perform a self-assessment on an annual basis and report the outcome of that assessment to the Council.
- 6.2. The Risk Committee may submit reports to the Council or to the Chairman of Lloyd's at such other times as the Risk Committee or the Chairman of the Risk Committee may decide.
- 6.3. The Risk Committee shall submit its minutes to the Council and shall ensure that the Council or the Chairman of Lloyd's is informed promptly of any matters of material concern to the Risk Committee.

## **7. Indemnity**

- 7.1. Members of the Risk Committee are entitled to an indemnity from the Society of Lloyd's in a form determined pursuant to paragraph 7.16 of the Constitutional Requirements.

## **8. Other matters**

### 8.1. The Risk Committee shall:

- a. have access to sufficient resources in order to carry out its duties and in exercising its powers, including access to the Council Secretariat function for assistance as required;
- b. be provided with appropriate and timely training;
- c. give due consideration to laws, regulations and rules including, where appropriate, the UK Corporate Governance Code and also relevant provisions in Lloyd's Acts 1871-1982 and the Constitutional Arrangements Byelaw.

## 2.1.4 Audit Committee

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### 1. Number and membership of the Audit Committee

- 1.1 The maximum number of members of the Audit Committee shall be 10 one of whom shall be the Chairman of the Audit Committee and one of whom may be the Deputy Chairman of the Audit Committee, and all of whom shall be non-executive members of the Council. In the absence of the Audit Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 1.2 At least 3 members of the Audit Committee shall have relevant experience and qualifications.
- 1.3 Appointments to the Audit Committee are made by the Council on the recommendations of the Nominations & Governance Committee.

### 2. Functions, responsibilities and powers of the Audit Committee

- 2.1 The functions of the Audit Committee shall be to –
  - a. ensure that the financial activities of the Corporation and its subsidiaries (the Corporation) are subject to independent review and audit ensuring in particular that proper procedures are in place for the management of costs, the maximisation of revenue and the protection of the assets of the Corporation, the Central Fund and the New Central Fund;
  - b. consider the appointment or removal of the external auditors, the audit fee and to monitor the Corporation's relationship with its external auditors;
  - c. discuss with the external auditors, before the audit commences, the nature and scope of the audit and to review the external audit plan;
  - d. review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
  - e. develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm;
  - f. review the Society of Lloyd's Annual Report and the financial statements of the Society of Lloyd's prior to presentation to Council, particularly focusing



on –

- i. any changes in accounting policies and practices;
  - ii. major judgmental areas;
  - iii. significant adjustments resulting from the audit;
  - iv. the going concern assumption; and
  - v. compliance with accounting standards;
- g. review the interim financial statements;
  - h. review the pro forma financial statements and Aggregate Accounts;
  - i. review the Lloyd's Return to the PRA;
  - j. review and consider the Society of Lloyd's annual report on the operation and effectiveness of its systems and controls in relation to whistleblowing prior to presentation to the Council;
  - k. discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary);
  - l. review the external auditors' management letters and management's response;
  - m. review the ongoing solvency position and central cash resources of Lloyd's;
  - n. review the Corporation's systems of control and approve the Corporation's compliance statement and in particular to review –
    - i. the procedures for identifying business and market risks and controlling the financial impact on the Corporation;
    - ii. the Corporation's policies for preventing and detecting fraud; and
    - iii. the operational effectiveness of the relevant controls;
  - o. ensure that appropriate arrangements are in place to ensure that the Corporation's activities are in compliance with relevant laws and regulations;
  - p. monitor and review the objectivity and effectiveness of the Corporation's Internal Audit function in particular through reviewing and approving the annual Internal Audit plan, to consider any material matters which the Internal Auditors may wish to discuss (in the absence of management where necessary);
  - q. ensure that appropriate arrangements are in place by which employees of the Executive may, in confidence, raise concerns relating to possible improprieties relating to the Corporation in matters of financial reporting or other matters;
  - r. review all financial disclosures with a focus on sustainability when undertaking any of the functions set out in these terms of reference, co-

ordinating with such other Committees and Groups of the Council as appropriate from time to time, including (but not limited to), the Sustainability Committee.

- 2.2 The Audit Committee shall be accountable to the Council for properly performing its functions and the Audit Committee shall have all necessary powers of the Council, other than those reserved to the Council, in order to properly perform its functions.

### **3. Duties of the Audit Committee, the Chairman and Audit Committee members**

- 3.1 The Audit Committee shall perform all of its functions and exercise all of its powers subject to and in accordance with the Council Limitations.

- 3.2 The Chairman of the Audit Committee shall be responsible for chairing and overseeing the performance of the Audit Committee in accordance with its terms of reference. In particular, the Chairman shall also have responsibility for the oversight of the independence, autonomy and effectiveness of Lloyd's policies and procedures for whistleblowing, including the procedures for protecting employees who raise concerns from detrimental treatment.

- 3.3 Members of the Audit Committee shall be subject to the same duties and responsibilities which apply to Council members (as set out in Part 3 of the Constitutional Requirements).

- 3.4 The Audit Committee Chairman should attend the Annual General Meeting of the Society to respond to questions from members on the Committee's activities.

### **4. Meetings**

#### *Frequency*

- 4.1 The Audit Committee shall meet at the discretion of the Chairman of the Audit Committee or, in his absence, at the discretion of the Deputy Chairman of the Audit Committee unless otherwise directed by the Council.
- 4.2 The Audit Committee will ordinarily meet 5 times a year.
- 4.3 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded, unless not reasonably practical, to each member of the committee no later than 5 working days

before the date of the meeting. Supporting papers shall usually be sent to committee members at the same time.

#### *Quorum*

- 4.4 The quorum of meetings of the Audit Committee shall be 3 members present of whom at least one shall be the Chairman or Deputy Chairman of the Audit Committee.
- 4.5 A member of the Audit Committee entitled to be present at a meeting of the Audit Committee shall be deemed to be present for all purposes if he is able by telephonic device to be heard by all those present or deemed to be present at the meeting simultaneously. A person so deemed to be present shall be entitled to vote and be counted in the quorum accordingly.

#### *Decisions*

- 4.6 Any decision taken by the Audit Committee shall be made by a simple majority of the members of the Audit Committee present at the meeting provided that in the event of a tie the chairman of the meeting shall have the casting vote.

#### *Minutes*

- 4.7 Minutes shall be maintained of the proceedings of the Audit Committee.

#### *Paper meetings*

- 4.8 Where it proves impracticable to convene a meeting of the Audit Committee, the papers may be sent to all members of the Audit Committee and any decision made and affirmed in writing by at least 3 of the members of the Audit Committee eligible to vote, one of the votes being that of the Chairman or Deputy Chairman of the Audit Committee, shall be valid and effective as if it had been made at a meeting of the Audit Committee duly convened and held provided that no member of the Audit Committee objects to the decision being made by way of a paper meeting. Any decision made by way of a paper meeting shall be reported to the Audit Committee at its next meeting.

#### *Attendance of auditors*

- 4.9 The Audit Committee may, at its discretion, invite either the external auditors or internal auditors to any meeting of the Audit Committee.

*Other attendance*

- 4.10 The Audit Committee may, at its discretion, invite other individuals as required, to attend any meeting of the Audit Committee. It is expected that the Chief Accountant will ordinarily attend meetings.

**5. Power to obtain assistance**

- 5.1 In the performance of its functions and in the exercise of its powers the Audit Committee may obtain assistance from any person.
- 5.2 Where the Audit Committee considers that it requires external legal advice, the Secretary to the Audit Committee shall, prior to seeking that advice, liaise with the General Counsel.

**6. Reporting**

- 6.1 The Audit Committee shall submit a written report to the Council annually.
- 6.2 The Audit Committee may submit reports to the Council or the Chairman of Lloyd's at such other times as the Audit Committee or the Chairman of the Audit Committee may decide.
- 6.3 The Audit Committee shall ensure that the Council or the Chairman of Lloyd's is informed promptly of any matters of material concern to the Audit Committee.
- 6.4 The Audit Committee shall report to the Council on any matters that the Audit Committee believes to be of material interest to the Council and in particular shall report as necessary to the Council on the exercise of the Audit Committee's functions relating to reviewing the interim and annual financial statements, reviewing the Lloyd's return to the PRA and reviewing the Corporation's internal systems of control.

**7. Indemnity**

- 7.1 Members of the Audit Committee are entitled to an indemnity from the Society of Lloyd's in a form determined pursuant to paragraph 7.16 of the Constitutional Requirements.

## 8. Other matters

### 8.1 The Audit Committee shall –

- a. have access to sufficient resources in order to carry out its duties and in exercising its powers, including access to Council Secretariat for assistance as required;
- b. be provided with appropriate and timely training;
- c. give due consideration to laws, regulations and rules including, where appropriate, the UK Corporate Governance Code and also relevant provisions in Lloyd's Acts 1871-1982 and the Constitutional Arrangements Byelaw.

## 2.1.5 Investment Committee

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### 1. Number and membership of the Investment Committee

1.1 The maximum number of members of the Investment Committee shall be 10, one of whom shall be the Chair of the Investment Committee. If the Chair is absent from any meeting of the Investment Committee, the remaining members present shall elect one of themselves to chair the meeting.

1.2 Appointments to the Investment Committee are made by the Council.

### 2. Functions, powers and responsibilities of the Investment Committee

2.1 The functions of the Investment Committee shall be –

*Investment strategy*

- a. in relation to the Central Fund and the New Central Fund, to –
  - (i) at least annually, review and recommend to the Council for approval the investment objectives and/or parameters, including but not limited to the strategic asset allocation, the tactical asset allocation ranges and the underlying investment risk appetite, consulting the Risk Committee in relation to any such recommendation that would result in a material change to investment risk appetite; and
  - (ii) review and approve the investment management fees and expenses relating to the Central Fund and the New Central Fund whenever any material change is proposed to such fees and expenses and in any event at least once every two years;
- b. in relation to the investment portfolio of Lloyd's Insurance Company SA, to review the investment objectives and/or parameters, including but not limited to the strategic asset allocation, the tactical asset allocation ranges and the underlying investment risk appetite, whenever any change is proposed thereto and in any event at least once every three years, and to provide a recommendation in respect thereof to the board of Lloyd's Insurance Company SA;

- c. at the request of the Council, to perform the function referred to in paragraph (b) above in respect of the investment portfolio of any other entity within the Lloyd's global network;
- d. to set, within the confines of Solvency or other regulatory considerations, the investment objectives and/or parameters of the commingled funds that are managed by the Lloyd's Treasury and Investment Management team (LTIM), including the Illinois Reserve Fund, Kentucky Reserve Funds, Joint Asset Trust Funds, Australian Trust Funds, South African Trust Funds and Members Cash Deposit Fund;

*Investment performance and monitoring*

- e. to monitor and advise on the investment operations of LTIM in respect of all funds under its management, including any advisory or investment management activities conducted on behalf of Lloyd's Insurance Company SA or any other entity within the Lloyd's global network;
- f. to monitor the investment performance of the above funds;
- g. to review LTIM's investment return forecasts for the Lloyd's market portfolio (comprising syndicate assets, funds at Lloyd's and Corporation assets) and to monitor and advise on the forecasting methodology used;
- h. to approve the LTIM banking and broking counterparties;
- i. to consider how the central investment management resource can most effectively be used to assist the Lloyd's market;
- j. to be aware of the investment management resources employed and make recommendations where necessary;
- k. to incorporate sustainability considerations into the Society's investment management activities while endeavouring to ensure that the investment impact is in the best interests of the members of the Society, and to make recommendations to the Council from time to time in respect of (i) investment exclusions applying to the central fund based on

sustainability considerations and (ii) the Society's approach to investment stewardship, co-ordinating with such other Committees and Groups of the Council as appropriate, including (but not limited to) the Sustainability Committee;

- l. to perform any of the functions referred to above in respect of funds and investments of the Society, including any subsidiary of the Society where so directed by the Council, provided that the Investment Committee shall not be responsible for approving any investment of the Society which is made on the basis of a non-financial objective of the Society;

*Investment platform oversight and monitoring*

- m. to ensure that the Lloyd's investment platform is implemented and operated in accordance with the operating model agreed by the Council and in compliance with regulatory requirements;
  - n. to keep the operating model of the platform under review and to recommend changes to the Council where necessary;
  - o. to review the recommendations of the platform investment adviser and LTIM in respect of the establishment of fund structures on the platform and to determine whether such fund structures should be admitted to the platform, taking into account suitability and investor appetite;
  - p. in respect of each fund structure that is admitted to the platform, to nominate a senior employee of Lloyd's as a member of the governing body of the fund structure and to receive regular updates from such person in respect of the activities of the fund structure;
  - q. to oversee the activities of the platform investment adviser(s) and platform operator(s) and to monitor their performance.
- 2.2 The Investment Committee shall be accountable to the Council for properly performing its functions.

**3. Duties of the Investment Committee and of members of the Investment Committee**

- 3.1 The Investment Committee shall perform all of its functions and exercise all of its powers subject to and in accordance with the Council Limitations and shall as relevant have regard to risk and capital in taking any decision and of any applicable



risk appetite.

- 3.2 Members of the Investment Committee shall, as far as appropriate, be subject to the same duties and responsibilities which apply to Council members (as set out in Part 3 of the Constitutional Requirements).

#### **4. Meetings**

##### *Frequency*

- 4.1 The Investment Committee shall meet at the discretion of the Chair of the Investment Committee unless otherwise directed by the Council.
- 4.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded, unless not reasonably practical, to each member of the committee no later than 5 working days before the date of the meeting. Supporting papers shall be sent to committee members at the same time.

##### *Quorum*

- 4.3 The quorum of meetings of the Investment Committee shall be 3 members present.

##### *Decisions*

- 4.4 Any decision taken of the Investment Committee shall be made by a simple majority of the members of the Investment Committee present at the meeting provided that in the event of a tie the chair of the meeting shall have the casting vote.
- 4.5 A member of the Investment Committee entitled to be present at a meeting of the Investment Committee shall be deemed to be present for all purposes if he is able by telephonic device to be heard by all those present or deemed to be present at the meeting simultaneously. A person so deemed to be present shall be entitled to vote and be counted in the quorum accordingly.

##### *Minutes*

- 4.6 Minutes shall be maintained of the proceedings of Investment Committee and those minutes shall be submitted promptly to the Secretary to the Council.

### *Paper meetings*

- 4.7 Where it proves impracticable to convene a meeting of the Investment Committee, the papers may be sent to all members of the Investment Committee and any decision made and affirmed in writing by at least 3 of the members of the Investment Committee eligible to vote, one of the votes being that of the Chair of the Investment Committee, shall be valid and effective as if it had been made at a meeting of the Investment Committee duly convened and held provided that no member of the Investment Committee objects to the decision being made by way of a paper meeting. Any decision made by way of a paper meeting shall be reported to the Investment Committee at its next meeting.

## **5. Power to obtain assistance**

- 5.1 In the performance of its functions and in the exercise of its powers the Investment Committee may obtain assistance from the Executive.
- 5.2 Where the Investment Committee considers that it requires external legal advice, the Secretary to the Investment Committee shall, prior to seeking that advice liaise with the General Counsel.

## **6. Reporting**

- 6.1 The Investment Committee shall submit a written report to the Council at least annually.
- 6.2 The Investment Committee shall obtain the approval of the Council before making any decisions which may materially affect the financial risks applying to the Society or Lloyd's market entities.
- 6.3 The Investment Committee may submit reports to the Council at such other times as the Investment Committee or the Chair of the Investment Committee may decide.
- 6.4 The Investment Committee shall ensure that the Council is informed promptly of any matters of material concern to the Investment Committee.

## **7. Indemnity**

- 7.1 Members of the Investment Committee are entitled to an indemnity from the Society of Lloyd's in a form determined pursuant to paragraph 7.16 of the Constitutional Requirements.

## **8. Other matters**

- 8.1 The Investment Committee shall –
- a. have access to sufficient resources in order to carry out its duties and in exercising its powers, including access to Council Secretariat for assistance as required;
  - b. be provided with appropriate and timely training; and
  - c. give due consideration to laws, regulations and rules including, where appropriate, the UK Corporate Governance Code and also relevant provisions in Lloyd's Acts 1871-1982 and the Constitutional Arrangements Byelaw.

## 2.1.6 Sustainability Committee

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### 1. Membership

1.1. The members of the Sustainability Committee (“the Committee”) shall be –

#### *Council Members*

- i. A member of the Council who shall be the Chair of the Committee (the “Chair”).
- ii. Up to 4 other members of the Council with relevant experience.

#### *Subject Matter Experts*

- iii. Up to 4 external subject matter experts.

#### *Market Members*

- iv. Up to 2 representatives of the Lloyd’s Market with relevant experience, which may include members of the Lloyd’s Market Association Board.

#### *Executive Members*

- v. The Head of Culture.
- vi. The Corporate Affairs Director.
- vii. The Chief People Officer.
- viii. The Chief Underwriting Officer.

1.2. Appointments to the Committee are made by the Council.

1.3. In the absence of the Chair, the remaining members present shall elect one of themselves to chair the meeting.

1.4. Only members of the Committee have the right to attend meetings. The Chair may invite any other person, including external advisors and NGO representatives, to attend for all or part of any meeting.

### 2. Functions, responsibilities and powers of the Committee

2.1. The Committee and its members shall champion and be leading advocates for Lloyd’s ESG, Culture and Responsible Business strategies strengthening the brand and raising awareness within the Lloyd’s market and beyond.

#### *ESG Strategy*

2.2. The Committee shall review, challenge and approve submissions from the executive in respect of:

- i. Lloyd's Market:
    - a) the provision by the Corporation of best practice guidance to the market and the monitoring of the market's adoption of that guidance.
    - b) the development of climate transition measurement methodologies to support the market and wider sector through the transition to net zero.
    - c) commercial enablers introduced by the Corporation to facilitate transition business, including TCX.
  - ii. Corporation:
    - a) the Corporation's role as a leading advocate for net zero and the green industrial revolution within both the insurance sector and wider financial services.
    - b) the delivery of the Corporation's commitments to transition its operational and attributable greenhouse gas emissions to net zero by 2050 at the latest, including the development of interim (5 yearly) targets to drive near term action to achieve that ambition.
    - c) Lloyd's sustainability strategy and its relationship with regulatory requirements and global policy, including the United Nations Sustainable Development Goals.
    - d) emissions accounting and other global sustainability reporting requirements.
- 2.3. In addition, the Committee shall review and recommend for Council approval:
- i. Any sustainability related commitments to be communicated externally in support of the delivery of Lloyd's sustainability strategy.
  - ii. The Lloyd's annual sustainability report.

#### *Culture Strategy*

- 2.4. The Committee shall review, challenge and approve submissions from the executive in respect of Lloyd's Culture Strategy, Culture Dashboard and all related action plans (including actions arising from the annual Culture Survey and the Market Practices and Policies (MP&P) survey) and commitments to be communicated externally to ensure the continued improvement towards an inclusive culture within the Corporation and across the Lloyd's Market.

#### *Responsible Business Strategy*

- 2.5. The Committee shall review, challenge and approve submissions from the executive in respect of Lloyd's Responsible Business and Community Engagement activities and lead, on behalf of Council, the relationship with the Lloyd's of London Foundation whilst at all times respecting the independence of the Foundation from the Society.
- 2.6. In addition, the Committee shall review and recommend for Council approval the annual budget for the Lloyd's of London Foundation.

*Other*

- 2.7. While the Committee will be responsible for its own decisions it will not be responsible for execution of ESG adoption in the Lloyd's market or for stakeholder engagement, both of which remain the responsibility of the Corporation.
- 2.8. In discharging its functions, the Committee shall co-ordinate with other Committees of the Council as required from time to time, including (but not limited to) the Audit, Risk and Investment Committees

### **3. Duties of the Committee and its members**

- 3.1. The Chair shall be responsible for overseeing the performance of the Committee in accordance with its terms of reference.
- 3.2. Members of the Committee shall be subject to the same duties and responsibilities which apply to Council members (as set out in Part 3 of the Constitutional Requirements).

### **4. Meetings**

- 4.1. The Committee will meet quarterly and otherwise at the discretion of the Chair.
- 4.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded unless not reasonably practicable, to each member of the Committee no later than 5 working days before the meeting. Supporting papers will be sent to members of the Committee at the same time.

*Quorum*

- 4.3. The quorum of the meeting shall be 4 members present including at least 1 member of Council.
- 4.4. A member of the Committee entitled to be present at a meeting of the Committee shall be deemed to be present for all purposes if he/she is able by telephonic device to be heard by all those present or deemed to be present at the meeting simultaneously. A person so deemed to be present shall be entitled to vote and be counted in the quorum accordingly.

*Decisions*

- 4.5. Wherever possible decisions will be made by a consensus by the members present at the meeting however at the Chair's election any decision may be put to a vote in which event a decision shall be made by a simple majority of the members present at the meeting provided that in the event of a tie the Chair of the meeting shall have the casting vote.

#### *Minutes*

- 4.6. Minutes shall be maintained of the proceedings of the Committee.

#### *Paper meetings*

- 4.7. Where it proves impracticable to convene a meeting of the Committee, the papers may be sent to all members of the Committee and any decision made and affirmed in writing by at least 4 members of the Committee eligible to vote, one of the votes being that of the Chair, shall be valid and effective as if it had been made at a meeting of the Committee duly convened and held provided that no member of the Committee objects to the decision being made by way of a paper meeting. Any decision made by way of a paper meeting shall be reported to the Committee at its next meeting.

### **5. Power to obtain assistance**

- 5.1. In the performance of its functions and in the exercise of its powers the Committee may obtain assistance from any person.
- 5.2. Where the Committee considers that it requires external legal advice, the Secretary to the Committee, shall, prior to seeking that advice, liaise with the General Counsel.

### **6. Reporting**

- 6.1. The Committee shall submit a written report to the Council at least annually with a verbal update provided in line with the Committee's meeting schedule.
- 6.2. The Committee may submit reports to the Council at such other times as the Committee or the Chair may decide or that the Council may request.
- 6.3. The Committee shall ensure that the Council is informed promptly of any matters of material concern to the Committee.

### **7. Indemnity**

- 7.1. Members of the Committee are entitled to an indemnity from the Society of Lloyd's in a form determined pursuant to paragraph 7.16 of the Constitutional Requirements.

### **8. Other matters**

8.1. The Committee shall:

- i. Have access to sufficient resources in order to carry out its duties and in exercising its powers, including to access to the Secretariat function for assistance as required;
- ii. Be provided with adequate and timely training;
- iii. Give due consideration to laws, regulations and rules including, where appropriate, the UK Corporate Governance Code and also relevant provisions in Lloyd's Acts 1871-1982 and the Constitutional Arrangements Byelaw.



## 2.1.7 Blueprint Two Cutover Committee (BCC)

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### 1. Membership

1.1 The BCC shall comprise not more than 6 members and shall comprise –

- a) The Chair of the TTA (who shall be Chair of the BCC);
- b) At least four members of the Council, including:
  - 1. the Chair of the Risk Committee;
  - 2. at least two of the Deputy Chairs of the Council; and
  - 3. an independent Nominated member of the Council who is also a member of the TTA.

1.2 The Chief Operations Officer shall attend each meeting. The Chief Executive Officer, Chief Risk Officer and Chief of Markets shall ordinarily attend each meeting.

1.3 Appointments to the BCC are made by the Council.

1.4 The Chair may invite any other person to attend a meeting or any part of a meeting of the BCC.

### 2. Functions, responsibilities and powers of the Committee

- a. The BCC shall, on behalf of the Council, review for discussion and disposition decisions proposed by the Executive for recommendation to the Council on key milestones for the achievement of the Blueprint 2 Phase 1 & 2 2024 Market Cutover dates scheduled for 30 June and 30 September 2024 respectively.
- b. Prior to making its final recommendation to the Council on the delivery of each of the key milestones set out below, the Executive shall submit its proposed recommendation to the BCC for review and discussion. The Chair of the BCC shall report to the Council on the BCC's discussions at each meeting of the Council.
  - a) Milestone 1: The completion and fitness for purpose of the build of the digital processing elements required to be built for the achievement of the Phase 1 2024 Market Cutover;
  - b) Milestone 2: The completion and fitness for purpose of the build of the digital processing elements required to be built for the achievement of the Phase 2 2024 Market Cutover;
  - c) Milestone 3: The satisfaction of requirements for the going to live of the Phase 1 2024 Market Cutover scheduled for 30 June 2024, which shall include a “go-no-go” decision for the Phase 1 2024 Market Cutover.
  - d) Milestone 4: The satisfaction of requirements for the going to live of the Phase 2 2024 Market Cutover, which shall include a “go-no-go” decision for the Phase 2 2024 Market Cutover.
- c. The BCC shall be able to refer to and rely on assessments made by the Risk Committee as to risk and assurance considerations relating to the Blueprint 2 Phase 1 & 2 2024 Market Cutover dates and to market insights and considerations as highlighted by the TTA.

### 3. Secretary

- 3.1 The Secretary to the Council or their nominee shall act as secretary of the BCC.

### 4. Duties of the BCC and of members of the BCC

- 4.1 Members of the BCC shall, as far as appropriate, be subject to the same duties and responsibilities which apply to Council members (as set out in Part 3 of the Constitutional Requirements).

### 5. Meetings

#### *Frequency*

- 5.1 The BCC shall usually meet in advance of each Council meeting (on average 6 times a year) or otherwise at the discretion of the Chairman of the BCC unless otherwise directed by the Council. It is anticipated that meetings of the BCC will not be required once the Phase 2 Cutover has been completed.
- 5.2 Unless otherwise agreed, notice of each meeting, confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded, unless not reasonably practicable, to each member of the committee no later than 5 working days before the date of the meeting. Supporting papers shall be sent to committee members at the same time.

#### *Quorum*

- 5.3 The quorum necessary for meetings of the BCC shall be 3 members present, provided that one of those members is the Chair of the BCC. A duly convened meeting of the BCC at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the BCC.
- 5.4 A member of the BCC entitled to be present at a meeting of the BCC shall be deemed to be present for all purposes if he is able by telephonic device to be heard by all those present or deemed to be present at the meeting simultaneously. A person so deemed to be present shall be entitled to vote and be counted in the quorum accordingly.

#### *Minutes*

- 5.5 Minutes shall be maintained of the proceedings of BCC and shall be submitted promptly to the Secretary.

#### *Paper meetings*

- 5.6 Where it proves impracticable to convene a meeting of the BCC the papers may be sent to the relevant members of the BCC and any decision made and affirmed in writing by at least 3 of the members of BCC entitled to vote, one of the votes being that of the Chair of the BCC, shall be valid and effective as if it had been made at a meeting of the BCC duly convened and held, provided that no member of the BCC objects to the decision being made by way of a paper meeting. Any decision made by way of a paper meeting shall be reported to the BCC at its next meeting.

## **6. Power to obtain assistance**

- 6.1 In the performance of its functions and in the exercise of its powers the BCC may obtain assistance from any person.
- 6.2 Where the BCC considers that it requires external legal advice, the Secretary to the BCC shall, prior to seeking that advice, liaise with the General Counsel.

## **7. Reporting**

- 7.1 The BCC shall receive a report in the form of a standardised Management Information Pack containing updates on the 5 milestones set out in section 2 above.
- 7.2 The BCC shall submit a written report to the Council annually confirming the number of meetings and associated attendance records of its meetings in the preceding year. The BCC shall not be required to report to the Council on matters such as the nature of the insights and advice shared during BCC meetings, which shall remain confidential to ensure open and frank discussions of the BCC.
- 7.3 The BCC shall ensure that the Council is informed promptly of any matters of material concern to the BCC.

## **8. Indemnity**

- 8.1 Members of the BCC are entitled to an indemnity from Society of Lloyd's in a form determined pursuant to paragraph 7.16 of the Constitutional Requirements.

## **9. Other matters**

The BCC shall –

- a. have access to sufficient resources to carry out its duties in exercising its powers, including access to Council Secretariat for assistance as required;
- b. be provided with appropriate and timely training; and
- c. give due consideration to laws, regulations and rules including, where appropriate, the UK Corporate Governance code and relevant provisions in Lloyd's Acts 1871-1982 and the Constitutional Arrangements Byelaw.

## 2.1.8 Technology & Transformation Advisory Panel (TTA)

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### 1. Membership

1.1 The TTA shall comprise not more than 10 members and shall comprise –

- a) The CEO of Lloyd's, who shall be Chair of the TTA;
- b) At least two members of the Lloyd's Market Association Board, at least one of whom shall represent a dual stamp carrier; and
- c) At least two senior insurance and/or reinsurance brokers with experience of operating in the Lloyd's and London markets.

1.2 The Director, Market Transformation, shall attend each meeting.

1.3 Appointments to the TTA are made by the Chair of the TTA.

1.4 The Chair may invite any other person to attend a meeting or any part of a meeting of the TTA.

### 2. Functions, responsibilities and powers of the Committee

- 2.1. The TTA shall assist the Council by sharing insights, expert advice and assessments of developments in the delivery, communication and adoption of the Future at Lloyd's, the Joint Venture, and PPL and their interrelated governance structures, identifying issues for consideration, focus and review by the Council.

### 3 Secretary

3.1 The Secretary to the Council or his nominee shall act as secretary of the TTA.

### 4. Duties of the TTA and of members of the TTA

4.1 Members of the TTA shall as far as appropriate, be subject to the same duties and responsibilities which apply to Council; members (as set out in Part 3 of the Constructional Requirements)

### 5. Meetings

#### *Frequency*

5.1 The TTA shall usually meet 6 times a year (every other month) or otherwise at the discretion of the Chairman the TTA unless otherwise directed by the Council.

5.2 Unless otherwise agreed, notice of each meeting, confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded, unless not reasonably practical, to

each member of the committee no later than 5 working days before the date of the meeting. Supporting papers shall be sent to committee members at the same time.

#### *Quorum*

- 5.3 The quorum necessary for meetings of the TTA shall be 3 members present provided that one of those members is the Chair of the TTA. A duly convened meeting of the TTA at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the TTA.
- 5.4 A member of the TTA entitled to be present at a meeting of the TTA shall be deemed to be present for all purposes if he is able by telephonic device to be heard by all those present or deemed to be present at the meeting simultaneously. A person so deemed to be present shall be entitled to vote and be counted in the quorum accordingly.

#### *Minutes*

- 5.5 Minutes shall be maintained of the proceedings of TTA and shall be submitted promptly to the Secretary.

#### *Paper meetings*

- 5.6 Where it proves impracticable to convene a meeting of the TTA the papers may be sent to the relevant members of the TTA and any decision made and affirmed in writing by at least 3 of the members of TTA entitled to vote, one of the votes being that of the Chair of the TTA, shall be valid and effective as if it had been made at a meeting of the TTA duly convened and held, provided that no member of the TTA objects to the decision being made by way of a paper meeting. Any decision made by way of a paper meeting shall be reported to the TTA at its next meeting.

### **6. Power to obtain assistance**

- 6.1 In the performance of its functions and in the exercise of its powers the TTA may obtain assistance from any person.
- 6.2 Where the TTA considers that it requires external legal advice, the Secretary to the TTA shall, prior to seeking that advice, liaise with the General Counsel.

### **7. Reporting**

- 7.1 The TTA shall submit a written report to the Council annually confirming the number of meetings and associated attendance records of its meetings in the preceding year. The TTA shall not be required to report to Council on matters such as the nature of the insights and advice shared during TTA meetings which shall remain confidential to ensure open and frank discussions of the TTA.
- 7.2 The TTA shall ensure that the Council is informed promptly of any matters of material concern to the TTA.

## **8. Indemnity**

- 8.1 Members of the TTA are entitled to an indemnity from Society of Lloyd's in a form determined pursuant to paragraph 7.16 of the Constitutional Requirements.

## **9. Other matters**

The TTA shall –

- a. Have access to sufficient resources to carry out its duties in exercising its powers, including access to Council Secretariat for assistance as required;
- b. Be provided with appropriate and timely training; and
- c. Give due consideration to laws, regulations and rules including, where appropriate, the UK Corporate Governance code and relevant provisions in Lloyd's Acts 1871-1982 and the Constitutional Arrangements Byelaw.

## 2.1.9 Underwriting Advisory Panel (UAP)

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### 1. Membership

- 1.1 The UAP shall comprise not more than 6 members and shall comprise –
- a. The Chair, who shall be the Chief of Markets;
  - b. The Chair of the Lloyd's Market Association; and
  - c. Up to 4 members who may comprise a combination of members of the Council of Lloyd's and other senior market practitioners with relevant expertise.

### 2. Functions, responsibilities and powers of the UAP

- 2.1 The UAP shall assist the Chief of Markets by:
- a. sharing insights and assessments of short-term developments in underwriting conditions and of the "insurance cycle" having regard to developments and trends in the insurance market and any longer-term issues influencing the underwriting environment;
  - b. Providing expert advice on technical market matters, including those relating to claims and the provision of market systems.
- 2.2 The advice, insights and assistance provided under paragraph 2.1 above shall at all times be conducted in accordance with competition law and constraints in respect of which members of UAP will receive training and will have access to the advice of Lloyd's Legal Department at all times.

### 3 Secretary

- 3.1 The Secretary to the Council or his nominee shall act as secretary of the UAP.

### 4. Duties of the UAP and of members of the UAP

- 4.1 Members of the UAP shall as far as appropriate, be subject to the same duties and responsibilities which apply to Council; members (as set out in Part 3 of the Constructional Requirements)

### 5. Meetings

#### *Frequency*

- 5.1 The UAP shall usually meet 4 times a year or otherwise at the discretion of the Chairman the UAP unless otherwise directed by the Council.
- 5.2 Unless otherwise agreed, notice of each meeting, confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded, unless not reasonably practical, to each member of the committee no later than 5 working days before the date of the meeting. Supporting papers shall be sent to committee members at the same time.

### *Quorum*

- 5.3 The quorum necessary for meetings of the UAP shall be 3 members present provided that one of those members is the Chairman of the UAP. A duly convened meeting of the UAP at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the UAP.
- 5.4 A member of the UAP entitled to be present at a meeting of the UAP shall be deemed to be present for all purposes if he is able by telephonic device to be heard by all those present or deemed to be present at the meeting simultaneously. A person so deemed to be present shall be entitled to vote and be counted in the quorum accordingly.

### *Minutes*

- 5.5 Minutes shall be maintained of the proceedings of UAP and shall be submitted promptly to the Secretary.

### *Paper meetings*

- 5.6 Where it proves impracticable to convene a meeting of the UAP the papers may be sent to the relevant members of the UAP and any decision made and affirmed in writing by at least 3 of the members of UAP entitled to vote, one of the votes being that of the Chairman of the UAP, shall be valid and effective as if it had been made at a meeting of the UAP duly convened and held, provided that no member of the UAP objects to the decision being made by way of a paper meeting. Any decision made by way of a paper meeting shall be reported to the UAP at its next meeting.

## **6. Power to obtain assistance**

- 6.1 In the performance of its functions and in the exercise of its powers the UAP may obtain assistance from any person.
- 6.2 Where the UAP considers that it requires external legal advice, the Secretary to the UAP shall, prior to seeking that advice, liaise with the General Counsel.

## **7 Reporting**

- 7.1 The UAP shall submit a written report to the Council annually confirming the number of meetings and associated attendance records of its meetings in the preceding year. The UAP shall not be required to report to Council on matters such as the nature of the insights and advice shared during UAP meetings which shall remain confidential to ensure open and frank discussions of the UAP.
- 7.2 The UAP shall ensure that the Council is informed promptly of any matters of material concern to the UAP.

## **8 Indemnity**

- 8.1 Members of the UAP are entitled to an indemnity from Society of Lloyd's in a form determined pursuant to paragraph 7.16 of the Constitutional Requirements.



## 9. Other matters

The UAP shall –

- a. Have access to sufficient resources to carry out its duties in exercising its powers, including access to Council Secretariat for assistance as required;
- b. Be provided with appropriate and timely training; and
- c. Give due consideration to laws, regulations and rules including, where appropriate, the UK Corporate Governance code and relevant provisions in Lloyd's Acts 1871-1982 and the Constitutional Arrangements Byelaw.

## 2.2 The Special Committees of the Council

### 2.2.1 Market Supervision and Review Committee

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#### 1. Number and membership of the Market Supervision and Review Committee

- 1.1 The maximum number of members of the Market Supervision and Review Committee shall be 5 and shall comprise -
- a. a qualified lawyer who shall be the Chairman of the Market Supervision and Review Committee; and
  - b. up to four other members with other relevant experience or qualifications (financial, accounting, legal or market) one of whom shall be the Deputy Chairman of the Market Supervision and Review Committee.
- 1.2 Appointments to the Market Supervision and Review Committee are made by the Council.

#### 2. Functions and powers of the Market Supervision and Review Committee

- 2.1 The functions of the Market Supervision and Review Committee shall be to –

*review function*

- a. perform the Market Supervision and Review Committee's functions described in Part M of the Underwriting Requirements and in any requirements made under paragraph 51 of the Membership Byelaw (as amended or replaced from time to time);

*permission to appeal function*

- b. give permission to appeal against decisions made under the Underwriting Byelaw to the Appeal Tribunal under paragraphs 1(b)(iii) and 2(a) of Schedule 1 of the Enforcement Byelaw;

*decision making function*

- c. exercise the power to terminate a member's membership of the Society under paragraph 47 of the Membership Byelaw and the issuance of any consequential directions, including under paragraphs 40 and 48 of the Membership Byelaw. Where the Market Supervision and Review Committee determines that a member's membership of the Society should be terminated it may, in the alternative, direct that the member ceases or reduces the level of its underwriting business at Lloyd's under paragraph 40(c) of the Membership Byelaw;
- d. consider and determine any matter which the Council or an executive has, in the performance of their functions, referred to the Market Supervision and Review Committee for consideration and determination;

*enforcement functions*

- e. perform the Council's functions under the Enforcement Byelaw or the requirements made under the byelaw which may include –
  - i. ordering an inquiry and nominating the persons who shall conduct the inquiry (paragraph 5 and 6 of the Enforcement Byelaw);
  - ii. requiring the production of a skilled person's report (paragraph 9 of the Enforcement Byelaw);
  - iii. instituting enforcement proceedings (paragraphs 16, 46 and 47 of the byelaw) and nominating the Representative of the Council;
  - iv. determining whether the Council shall exercise its right of appeal from a decision of an Enforcement Tribunal as to any sanction imposed or order as to costs (paragraph 26 of the Enforcement Byelaw);
  - v. making an intervention order under (paragraph 37 of the Enforcement Byelaw);
  - vi. ordering any person who is or was the subject of an inquiry to pay or contribute to the reasonable costs of the inquiry (paragraph 40 of the Enforcement Byelaw);
  - vii. exercising any power or discretion regarding the publication of any decision or order made under the byelaw (paragraph 43 of the Enforcement Byelaw);

(the Enforcement Functions);

other than those functions under the Enforcement Byelaw that are reserved to an

Enforcement Committee or the Appeal Tribunal or any other matter that is reserved to the Council; and

- f. provide independent advice on the exercise of any powers relating to the Enforcement Functions.

2.2 The Market Supervision and Review Committee shall be accountable to the Council for properly fulfilling its functions and the Market Supervision and Review Committee shall have all necessary powers of the Council in order to perform its functions.

### **3. Reserved functions and powers**

3.1 Only the Market Supervision and Review Committee shall perform the following functions or exercise any of the following powers –

- a. instituting inquiries;
- b. instituting enforcement proceedings;
- c. exercising the Council's right of appeal from a decision of an Enforcement Tribunal;
- d. making an intervention order;
- e. terminating a member's membership of the Society under paragraph 47 of the Membership Byelaw, other than under paragraph 47(b);
- f. giving permission to appeal to the Appeal Tribunal under paragraphs 1(b)(iii) and 2(a) of Schedule 1 of the Enforcement Byelaw, unless the Council otherwise directs.

### **4. Duties of the Market Supervision and Review Committee and of members of the Market Supervision and Review Committee**

4.1 The Market Supervision and Review Committee shall perform all of its functions and exercise all of its powers subject to and in accordance with the Council Limitations and shall as relevant have regard to risk and capital in taking any decision and of any applicable risk appetite.

4.2 Members of the Market Supervision and Review Committee shall, as far as appropriate, be subject to the same duties and responsibilities which apply to Council members (as set out in Part 3 of the Constitutional Requirements).

## 5. Meetings

### *Frequency*

- 5.1 The Market Supervision and Review Committee shall meet at the discretion of the Chairman of the Market Supervision and Review Committee or, in his absence, at the discretion of the Deputy Chairman of the Market Supervision and Review Committee unless otherwise directed by the Council.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded, unless not reasonably practical, to each member of the committee no later than 5 working days before the date of the meeting. Supporting papers shall be sent to committee members at the same time.

### *Quorum*

- 5.3 The quorum of meetings of the Market Supervision and Review Committee shall be 3 members present of whom at least one shall be the Chairman or the Deputy Chairman of the Market Supervision and Review Committee.
- 5.4 A member of the Market Supervision and Review Committee entitled to be present at a meeting of the Market Supervision and Review Committee shall be deemed to be present for all purposes if he is able by telephonic device to be heard by all those present or deemed to be present at the meeting simultaneously. A person so deemed to be present shall be entitled to vote and be counted in the quorum accordingly.

### *Decision*

- 5.5 Any decision taken by the Market Supervision and Review Committee shall be made by a simple majority of the members of the Market Supervision and Review Committee present at the meeting provided that in the event of a tie the chairman of the meeting shall have the casting vote.

### *Minutes*

- 5.6 Minutes shall be maintained of the proceedings of the Market Supervision and Review Committee and those minutes shall be submitted promptly to the Secretary to the Council.

### *Paper meetings*

- 5.7 Where it proves impracticable to convene a meeting of the Market Supervision and Review Committee, the papers may be sent to all members of the Market Supervision and Review Committee and any decision made and affirmed in writing by at least 3 of the members of the Market Supervision and Review Committee eligible to vote, one of the votes being that of the Chairman or Deputy Chairman of the Market Supervision and Review Committee, shall be valid and effective as if it had been made at a meeting of the Market Supervision and Review Committee duly convened and held, provided that no member of the Market Supervision and Review Committee objects to the decision being made by way of a paper meeting. Any decision made by way of a paper meeting shall be reported to the Market Supervision and Review Committee at its next meeting.

## **6. Power to obtain assistance**

- 6.1 In the performance of its functions and in the exercise of its powers the Market Supervision and Review Committee may obtain assistance from any person.
- 6.2 Where the Market Supervision and Review Committee considers that it requires external legal advice, the Secretary to the Market Supervision and Review Committee shall, prior to seeking that advice, liaise with the General Counsel.

## **7. Reporting**

- 7.1 The Market Supervision and Review Committee shall submit a written report to the Council annually.
- 7.2 The Market Supervision and Review Committee may submit reports to the Council at such other times as the Market Supervision and Review Committee or the Chairman of the Market Supervision and Review Committee may decide.
- 7.3 The Market Supervision and Review Committee shall ensure that the Council is informed promptly of any matters of material concern to the Market Supervision and Review Committee.

## **8. Indemnity**

- 8.1 Members of the Market Supervision and Review Committee are entitled to an indemnity from the Society of Lloyd's in a form determined pursuant to paragraph 7.16 of the Constitutional Requirements.

## **9. Other matters**

- 9.1 The Market Supervision and Review Committee shall -
- a. have access to sufficient resources in order to carry out its duties and in exercising its powers, including access to Council Secretariat for assistance as required;
  - b. be provided with appropriate and timely training; and
  - c. give due consideration to laws, regulations and rules including, where appropriate, the UK Corporate Governance Code and also relevant provisions in Lloyd's Acts 1871-1982 and the Constitutional Arrangements Byelaw.

## 2.2.2 Capacity Transfer Panel

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### 1. Number and membership of the Capacity Transfer Panel

1.1 Subject to paragraph 1.2, the maximum number of members of the Capacity Transfer Panel shall be 7 and shall comprise -

- a. one nominated member of the Council, who shall be the Chairman of the Capacity Transfer Panel;
- b. one independent lawyer who shall be the Deputy Chairman of the Capacity Transfer Panel;
- c. one independent financial expert;
- d. two LMA nominee members; and
- e. two third party capital nominee members.

1.2 In the event that the Chairman of the Capacity Transfer Panel considers that a

- a. third party capital nominee member; and / or
- b. LMA nominee member,

may not properly participate in the consideration of any matter before the Capacity Transfer Panel he may, for the purposes of considering, deciding and voting upon that matter, appoint an alternate third party capital nominee member and / or LMA nominee member from a list of alternates that he shall draw up, maintain and keep under review in agreement with the Council and the Nominations & Governance Committee and in consultation with the Lloyd's Market Association, the Association of Lloyd's Members and the High Premium Group. Where an alternate member is appointed, he shall, for the purpose only of considering, deciding and voting upon that matter, be regarded as a member of the Capacity Transfer Panel.

1.3 Appointments to the Capacity Transfer Panel are made by the Council.

### 2. Functions and powers of the Capacity Transfer Panel

2.1 The functions of the Capacity Transfer Panel shall be to –

- a. perform the functions of the Council in connection with the application of



- paragraph 2 of (and schedule 2 to) the Major Syndicate Transactions Byelaw (minority buy-outs);
- b. perform the functions of the Council in connection with the application of paragraph 4 of (and schedule 4 to) the Major Syndicate Transactions Byelaw (syndicate cessations)
  - c. perform the functions of the Council in connection with the application of the Mandatory Offer Byelaw;
  - d. perform the functions of the Council with regard to the giving of waivers under the Miscellaneous Provisions Byelaw in connection with minority buy-outs, mandatory offers, syndicate cessations and syndicate mergers;
  - e. in respect of an application made in accordance with paragraph 1 of (and schedule 1 to) the Major Syndicate Transactions Byelaw (syndicate mergers), the Capacity Transfer Panel shall –
    - i. provide independent advice to the Executive in respect of the application where the matter has been referred to the Capacity Transfer Panel at the request of the Executive, the managing agent which made the application, a members' agent, a direct corporate participant of one of the syndicates concerned or (with the consent of the Chairman or Deputy Chairman of the Capacity Transfer Panel) any member of the Capacity Transfer Panel; or
    - ii. determine the application and grant all relevant consents and exercise all relevant powers of the Council in connection with the application as the Capacity Transfer Panel considers appropriate, where the application has been referred to the Capacity Transfer Panel by the Executive for determination;
  - f. advise the Council on any proposed amendments to the rules relating to minority buy-outs, mergers, syndicate cessations and mandatory offers.
- 2.2 The Capacity Transfer Panel shall have all necessary powers of the Council in order to properly perform its functions.
- 3. Reserved functions and powers**
- 3.1 Only the Capacity Transfer Panel shall perform the following functions or exercise any of the following powers –
- a. grant permission for a minority buy-out;
  - b. consider applications by a person obliged to make a mandatory offer to offer a lower price than that which would be required under the Mandatory Offer

- Byelaw; and
- c. perform the functions of the Council with regard to the giving of waivers under the Miscellaneous Provisions Byelaw in connection with minority buy- outs and mandatory offers, unless the Council otherwise directs.

#### **4. Duties of the Capacity Transfer Panel and of members of the Capacity Transfer Panel**

- 4.1 The Capacity Transfer Panel shall perform all of its functions and exercise all of its powers subject to and in accordance with the Council Limitations and shall if relevant have regard to risk and capital in taking any decision and of any applicable risk appetite.
- 4.2 Members of the Capacity Transfer Panel shall, as far as appropriate, be subject to the same duties and responsibilities which apply to Council members (as set out in Part 3 of the Constitutional Requirements).

#### **5. Meetings**

##### *Frequency*

- 5.1 The Capacity Transfer Panel shall meet at the discretion of the Chairman of the Capacity Transfer Panel or, in his absence, at the discretion of the Deputy Chairman of the Capacity Transfer Panel unless otherwise directed by the Council.
- 5.2 Unless otherwise agreed, notice of each meeting, confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded, unless not reasonably practical, to each member of the committee no later than 5 working days before the date of the meeting. Supporting papers shall be sent to committee members at the same time.

##### *Quorum*

- 5.3 The quorum of meetings of the Capacity Transfer Panel shall be 3 members present of whom one shall be the Chairman or Deputy Chairman of the Capacity Transfer Panel, one shall be an LMA nominee member and one shall be a third party capital nominee member.

- 5.4 A member of the Capacity Transfer Panel entitled to be present at a meeting of the Capacity Transfer Panel shall be deemed to be present for all purposes if he is able by telephonic device to be heard by all those present or deemed to be present at the meeting simultaneously. A person so deemed to be present shall be entitled to vote and be counted in the quorum accordingly.

#### *Decisions*

- 5.5 On any vote, each member of the Capacity Transfer Panel shall have two votes save in the following cases -
- a. there are two LMA nominee members who will be voting in which case each LMA nominee member shall have one vote;
  - b. there are two third party capital nominee members who will be voting in which case each third party capital nominee member shall have one vote,

and any decision taken by the Capacity Transfer Panel shall be made by a simple majority of votes cast provided that in the event of a tie in the votes cast the chairman of the meeting shall have a casting vote.

#### *Minutes*

- 5.6 Minutes shall be maintained of the proceedings of the Capacity Transfer Panel and shall be submitted promptly to the Secretary to the Council.

#### *Paper meetings*

- 5.7 Where it proves impracticable to convene a meeting of the Capacity Transfer Panel the papers may be sent to the relevant members of the Capacity Transfer Panel and any decision made and affirmed in writing by at least 3 of the members of the Capacity Transfer Panel eligible to vote, one of the votes being that of the Chairman or Deputy Chairman of the Capacity Transfer Panel, shall be valid and effective as if it had been made at a meeting of the Capacity Transfer Panel duly convened and held, provided that no member of the Capacity Transfer Panel objects to the decision being made by way of a paper meeting. Any decision made by way of a paper meeting shall be reported to the Capacity Transfer Panel at its next meeting.

## **6. Power to obtain assistance**

- 6.1 In the performance of its functions and in the exercise of its powers the Capacity Transfer Panel may obtain assistance from any person.
- 6.2 Where the Capacity Transfer Panel considers that it requires external legal advice, the Secretary to the Capacity Transfer Panel shall, prior to seeking that advice, liaise with the General Counsel.

## **7. Reporting**

- 7.1 The Capacity Transfer Panel shall submit a written report to the Council annually.
- 7.2 The Capacity Transfer Panel may submit reports to the Council at such other times as the Capacity Transfer Panel or the Chairman of the Capacity Transfer Panel may decide.
- 7.3 The Capacity Transfer Panel shall ensure that the Council is informed promptly of any matters of material concern to the Capacity Transfer Panel.

## **8. Indemnity**

- 8.1 Members of the Capacity Transfer Panel are entitled to an indemnity from the Society of Lloyd's in a form determined pursuant to paragraph 7.16 of the Constitutional Requirements.

## **9. Other matters**

- 9.1 The Capacity Transfer Panel shall -
  - a. have access to sufficient resources in order to carry out its duties and in exercising its powers, including access to Council Secretariat for assistance as required;
  - b. be provided with appropriate and timely training; and

- c. give due consideration to laws, regulations and rules including, where appropriate, the UK Corporate Governance Code and also relevant provisions in Lloyd's Acts 1871-1982 and the Constitutional Arrangements Byelaw.

## **2.2.3 Lloyd's Enforcement Board**

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### **1. Number and membership of the Lloyd's Enforcement Board**

- 1.1 The maximum number of members of the Lloyd's Enforcement Board shall be 6 and shall comprise –
- a. a lawyer who is not a member of the Society, who shall be the Chairman of the Lloyd's Enforcement Board; and
  - b. at least 2 other individuals, one of whom shall be the Deputy Chairman of the Lloyd's Enforcement Board and at least one of whom shall be an individual who falls within Section 7, subsection 1A of Lloyd's Act 1982,
- 1.2 Members of the Lloyd's Enforcement Board shall hold office for a term not less than 2 years but not exceeding 3 years from the date of their appointment which may be renewed by the Council for additional terms.
- 1.3 If a member of the Lloyd's Enforcement Board is engaged in the conduct of disciplinary proceedings which have not concluded at the date that his term of office would otherwise expire, he shall continue to be a member, but unless his membership of the Lloyd's Enforcement Board has been renewed his membership of the Lloyd's Enforcement Board shall continue only for the purpose of those enforcement proceedings.
- 1.4 Appointments to the Lloyd's Enforcement Board are made by the Council.

### **2. Functions, responsibilities and powers of the Lloyd's Enforcement Board**

- 2.1 The functions of the Lloyd's Enforcement Board shall be –
- a. to perform the functions reserved to it, or permitted to be performed by it, under the Enforcement Byelaw;
  - b. in respect of any proceedings brought under any byelaw revoked by the Enforcement Byelaw, to act as the Disciplinary Board, and to perform the functions reserved to the Disciplinary Board, or permitted to be performed by the Disciplinary Board, under the revoked byelaw; and

- c. to appoint panels of persons from whom members of the Enforcement Tribunals may be appointed and to determine the remuneration payable by the Society to the members of such panels.

2.2 The Lloyd's Enforcement Board shall have, as a disciplinary committee, all the relevant powers that relate to it under the Lloyd's Acts and Byelaws in order to properly perform its functions. This includes the powers under -

- a. section 7(2) of Lloyd's Act 1982;
- b. the powers under the Enforcement Byelaw; and
- c. where relevant the powers available to the Disciplinary Board under the byelaws revoked by the Enforcement Byelaw.

### **3. Matters reserved to the Lloyd's Enforcement Board**

3.1 The Lloyd's Enforcement Board shall not appoint any other body or individual to perform its functions or exercise its powers.

### **4. Meetings**

#### *Frequency*

4.1 The Lloyd's Enforcement Board shall meet at the discretion of the Chairman of the Lloyd's Enforcement Board who shall ensure that the Lloyd's Enforcement Board meets as frequently as may be necessary to fulfil its functions pursuant to the Lloyd's Acts 1871 to 1982 and any byelaws made thereunder.

4.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded, unless not reasonably practical, to each member of the committee no later than 5 working days before the date of the meeting. Supporting papers shall be sent to committee members at the same time.

#### *Quorum*

4.3 The quorum of meetings of the Lloyd's Enforcement Board shall be 3 members present and shall include at least one of whom shall be an individual who falls within Section 7, subsection 1A of Lloyd's Act 1982.

### *Decisions*

- 4.4 Any decision of the Lloyd's Enforcement Board shall be made by a simple majority of the members of Lloyd's Enforcement Board

### *Records*

- 4.5 Records shall be maintained of the proceedings of the Lloyd's Enforcement Board.

### *Paper meetings*

- 4.6 Where it proves impracticable to convene a meeting of the Lloyd's Enforcement Board, the papers may be sent to all members of the Lloyd's Enforcement Board and any decision made and affirmed in writing by at least 3 of the members of the Lloyd's Enforcement Board eligible to vote, subject to the majority of those voting being members of the Lloyd's Enforcement Board who are members of the Society shall be valid and effective as if it had been made at a meeting of the Lloyd's Enforcement Board duly convened and held, provided always that any such decision is reported to the Lloyd's Enforcement Board at its next meeting.

## **5. Power to obtain assistance**

- 5.1 In the performance of its functions and in the exercise of its powers the Lloyd's Enforcement Board may obtain assistance from any person.

## **6. Reporting**

- 6.1 The Lloyd's Enforcement Board shall submit a written report to the Council annually in respect of the activities, resources and finances of the Enforcement Committees of the Society.
- 6.2 The Lloyd's Enforcement Board may submit reports to the Council or to the Chairman of Lloyd's at such other times as the Lloyd's Enforcement Board or the Chairman of the Lloyd's Enforcement Board may decide.



## **7. Emergency Powers of the Chairman and Deputy Chairman of the Lloyd's Enforcement Board**

- 7.1 The Lloyd's Enforcement Board may act by its Chairman (or Deputy Chairman) in respect of any of its functions and powers set out in these terms of reference.
- 7.2 The power to act through the Chairman of the Lloyd's Enforcement Board (or Deputy Chairman of the Lloyd's Enforcement Board) may be used where –
- a. it is not reasonably practicable to convene a meeting of the Lloyd's Enforcement Board; and
  - b. the matter is urgent.
- 7.3 Any exercise of these emergency powers shall be reported to the next meeting of the Lloyd's Enforcement Board.

## **8. Indemnity**

- 8.1 Members of the Lloyd's Enforcement Board and of any Enforcement Tribunal appointed by it are entitled to an indemnity from the Society of Lloyd's in a form determined pursuant to paragraph 7.16 of the Constitutional Requirements.

## **9. Other matters**

- 9.1 The Lloyd's Enforcement Board shall -
- a. have access to sufficient resources in order to carry out its duties and in exercising its powers, including access to Council Secretariat for assistance as required;
  - b. be provided with appropriate and timely training; and
  - c. give due consideration to laws, regulations and rules including, where appropriate, the UK Corporate Governance Code and also relevant provisions in Lloyd's Acts 1871-1982 and the Constitutional Arrangements Byelaw.

## **2.3 The Chairman and Deputy Chairmen of Lloyd's (including the Senior Independent Deputy Chairman)**

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### **1. Appointment of the Chairman and Deputy Chairmen of Lloyd's**

- 1.1 In accordance with section 4 of Lloyd's Act 1982, the Council annually elects from among the members of the Council a Chairman of the Council, who shall be called the Chairman of Lloyd's, and two or more Deputy Chairmen, each of whom shall be called a Deputy Chairman of Lloyd's. Where the person elected as Chairman is not a working member of the Society, at least one of the Deputy Chairmen must be elected from among the working members of the Council.
- 1.2 The Council shall designate one of the Deputy Chairmen elected in accordance with paragraph 1.1 above to be the senior independent Deputy Chairman. Save where the Council considers otherwise, the Deputy Chairman to be designated as the senior independent Deputy Chairman shall normally be a nominated member of Council (other than the Chairman or an Executive Director).

### **2. Functions and powers of the Chairman**

- 2.1 It is recognised and acknowledged that the role of the Chairman should be distinct from that of the Chief Executive Officer (CEO). The Chairman's principal responsibility is to create the conditions to ensure the overall effectiveness of the Council and its non-executive members. The Council has delegated to the CEO the executive responsibility for the running of the affairs of the Corporation. The Chairman shall maintain an open and effective dialogue with the CEO and respect and support the CEO's authority to exercise their judgment and make decisions in the performance of their functions but this will not prevent the Chairman from holding the CEO to account for the performance of their functions.
- 2.2 The functions of the Chairman shall be –
- a. to chair, oversee the performance of and ensure the proper and efficient conduct of meetings of the Council, making sure that Council is properly engaged in the development of policies relating to the strategy and operations of the Lloyd's market and the Corporation;

- b. to ensure that the members of the Council receive accurate, timely and clear information to enable the Council to make sound decisions, monitor effectively and provide advice to promote the success of the Society;
- c. to manage the Council to allow enough time for discussion of complex or contentious issues and ensure that members, particularly non-executive members, have sufficient time to consider critical issues and obtain answers to any questions or concerns they may have;
- d. to oversee the assessment of fitness and propriety of the members of the Council;
- e. to lead the development and monitor the effective implementation of policies and procedures for the induction, training and professional development of all members of the Council;
- f. to chair General Meetings of the Society including the Annual General Meeting;
- g. to oversee Lloyd's governance arrangements making sure they are effective and that the Council fulfils its responsibilities;
- h. through the Council, to have responsibility for monitoring the formulation of Lloyd's strategy;
- i. to hold the Chief Executive Officer responsible for implementation of Council policies, the effective management of the Corporation and the discharge of the Chief Executive Officer's wider responsibilities;
- j. through the Council, to ensure that Lloyd's is effectively supervising, regulating and directing the business of insurance at Lloyd's;
- k. to promote Lloyd's interests at home and abroad, in collaboration with the Chief Executive Officer, to members and policyholders and with regulators and governments where Lloyd's operates or wishes to operate, and generally to advance Lloyd's standing within the world-wide insurance market, the London insurance market and the City of London;
- l. to chair the Nominations & Governance Committee and in that regard to consider recommendations for appointments of the Chief Executive Officer, Deputy Chairmen, members of the Council and relevant committees, and to be assured that processes are in place to ensure that they are held accountable for their performance;

- m. to act, where necessary, on behalf of the Council, either directly or through delegation, on any matter which would normally be within its scope of responsibility, but which requires immediate attention;
- n. with the Chief Executive Officer, to make recommendations to Council as to the remuneration of members of the Council, and its committees (other than where those members are executive directors); and
- o. to perform any function or power provided or permitted in the Lloyd's Acts or any other byelaw, regulation or requirement.

2.2 The Chairman shall have the following powers –

- a. to direct the business of insurance at Lloyd's (which may include giving any direction to any member of the Society, Lloyd's broker, underwriting agent, director or partner of a Lloyd's broker or underwriting agent or person who works for a Lloyd's broker or underwriting agent in such capacity as may from time to time be specified by the Council);
- b. to carry out or exercise any duty, responsibility, right, power, function or discretion imposed or conferred upon the Council by any enactment (including Lloyd's Acts 1871 to 1982) or byelaw or regulation made in pursuance thereof or by any other instrument having the effect of law or by any other document or arrangement whatsoever, in so far as such delegation is not prohibited by any enactment, byelaw, regulation, instrument, document or arrangement, and
  - i. where it would not be reasonably practicable to convene a meeting of the Council; and
  - ii. where the carrying out or exercise of the duty, responsibility, right, power, function or discretion is urgent;
- c. pursuant to the terms of the power of attorney entered into by each member as a condition of membership, to exercise the Council's power of nomination of individuals as attorneys or agents for members of the Society; and
- d. to attest the common seal of Lloyd's and sign documents in writing on behalf of Lloyd's.

### 3. Functions and powers of the Deputy Chairmen

- 3.1 The functions of each Deputy Chairman shall be –
- a. to provide advice and support to the Chairman and, where appropriate, the Chief Executive Officer and the executive directors;
  - b. to support the Chairman in the promotion and protection of Lloyd's brand and reputation worldwide;
  - c. to attest the common seal of Lloyd's and sign documents in writing on behalf of Lloyd's; and
  - d. to perform any function or exercise any power provided or permitted in the Lloyd's Acts or any other byelaw, regulation or requirement where it is not reasonably practical or appropriate for the Chairman to perform the function or exercise that power.
- 3.2 In the event of the Chairman's absence, any one of the Deputy Chairmen as designated by the Council may perform some or all of the functions of the Chairman as set out at paragraph 2.1 above as the Council may determine.
- 3.3 Each Deputy Chairman shall have the same powers of the Chairman, as set out at paragraph 2.2 above.

#### *Senior Independent Deputy Chairman*

- 3.4 In addition, the senior independent Deputy Chairman designated by Council in accordance with paragraph 1.2 above shall have the following functions and powers –
- a. to provide a sounding board for the Chairman and to serve as an intermediary for the other members of Council where necessary;
  - b. to lead the performance evaluation of the Chairman taking into account, as relevant, the views of the nominated members of Council and the Chief Executive;
  - c. to chair the Nominations & Governance Committee when it is considering

succession to the role of Chairman; and

- d. to hold at least 2 private meetings a year with the non-executive members of the Council to listen to their views so as to develop a balanced understanding of any issues or concerns which they may have and to use one of these meetings to review the Chairman's performance in accordance with paragraph 3.4(b) above.

#### **4. Records**

- 4.1 Records shall be maintained of any exercise of any power by the Chairman or a Deputy Chairman.

#### **5. Power to obtain assistance**

- 5.1 In the exercise of their powers the Chairman and each Deputy Chairman may obtain assistance from any person.

#### **6. Reporting**

- 6.1 The carrying out or exercise of any power by the Chairman or a Deputy Chairman shall be reported to the next meeting of the Council.
- 6.2 The Chairman or Deputy Chairmen may also make reports to the Council at such other times as the Chairman or Deputy Chairmen may decide.