LLOYD’S GOVERNANCE
TERMS OF REFERENCE

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 the Franchise Board and other 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

Section 2 of these terms of reference provide the terms of the delegation by Council to the Franchise Board and other committees of the Council and set out the extent and conditions or restrictions that apply to those delegations. They also permit the Franchise Board to sub-delegate authority to –

a. the Chief Executive Officer (and for the Chief Executive Officer to further sub-delegate authority to the Lloyd’s executive); and
b. various committees of the Franchise Board.

The terms of the delegations in Section 2 may only be revoked or amended by Council by way of special resolution.
Sub-delegation by the Franchise Board

Section 3 of these terms of reference provide the terms of the sub-delegations made by the Franchise Board to the Franchise Board’s committees and to the Chief Executive Officer. The terms of the delegations in Section 3 may only be revoked or amended by Council or by the Franchise Board (save that the terms of the delegation to the Capacity Transfer Panel may only be revoked or amended by the Council).

Sub-delegation by the Chief Executive Officer

Section 4 of these terms of reference provide the terms of the sub-delegations made by the Chief Executive Officer to the directors, the Lloyd’s Executive Team and the Lloyd’s risk committees. The terms of the delegations in Section 4 may only be revoked or amended by Council, the Franchise Board or the Chief Executive Officer.

Agency appointments

Section 5 of these terms of reference provide the terms of the appointments of certain persons or committees by which the Council acts.

Schedules

These include information regarding the manner by which decisions should be taken in accordance with these terms of reference.
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Section 1:- The Council

1. The Council

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”) which provide –
   i. the Governance Process Policies by which the Council manages its own activities;
   ii. the Franchise Board linkage which establishes the accountability linkage between Council and Franchise Board through the Chairman of the Franchise Board; and
   iii. the boundary between the Council’s own authority and that of the Franchise Board (the “Franchise Board Limitations”);

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. the Franchise Board;
c. each of the Committees of the Council;
d. the Capacity Transfer Panel as a committee of the Franchise Board,

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 Franchise Board, the Committees of the Council and the Capacity Transfer Panel 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 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;
b. the members of the Franchise Board, other than the Director, Finance, Risk Management and Operations and the Director, Performance Management; and
c. the members of the Committees of the Council, the Franchise Board and the Capacity Transfer Panel,

having, in each case, regard to the advice and proposals of the Nomination Committee, and, where relevant, the provisions of the Constitutional Requirements.
4.4 The Council may at any time remove a member of—

i. the Franchise Board;
ii. any Committee of the Council; and
iii. the Capacity Transfer Panel.

Commitment

4.5 The Council commits to allowing the Franchise Board the freedom to perform its functions, exercise its powers, make any decision, enter into any obligation, take any action and develop any activity that will achieve the Purpose provided that the Council is confident that the Franchise Board is achieving the strategy set out in the medium term and annual Franchise Plans (as required by the Governance Policies) and is operating subject to and in accordance with the Franchise Board Limitations and the provisions of Lloyd’s Acts 1871 to 1982 and the Financial Services and Markets Act 2000.

5. Ancillary matters

5.1 The Council will ordinarily meet 5 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 Purpose (as defined by the Policies)
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<td>i.</td>
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<td>l.</td>
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Section 2: The Franchise Board & Principal Committees of the Council

2.1 The Franchise Board

1. Number, membership and appointment of the Franchise Board

1.1 The maximum number of members of the Franchise Board shall be 13 and shall comprise –

a. the Chairman of the Franchise Board
b. the Lloyd’s Chief Executive Officer; Director, Finance and Operations and the Performance Management Director, and the Chief Risk Officer & General Counsel (the Executive Directors);
c. 3 individuals who are insurance professionals connected to the Lloyd’s market (Connected Non-Executive Directors) and 5 other individuals who are fully independent of the Lloyd’s market (Independent Non-Executive Directors)(together, the Non-Executive Directors). A Non-Executive Director may be a member of the Council. One of the Non-Executive Directors may be appointed as the Deputy Chairman of the Franchise Board.

2. Functions, powers and responsibilities of the Franchise Board

2.1 The functions of the Franchise Board shall be to –

a. seek to create and maintain a commercial environment at Lloyd’s in which the long term return to all capital providers is maximised (the Franchise Goal) and from time to time to –

i. determine the major risks to the Lloyd’s market and determine appropriate action to address or mitigate those risks; and

ii. determine the key factors, levers and drivers which may affect or influence the profitability of the Lloyd’s market throughout the ‘insurance cycle’ having regard to global economic developments including developments and trends in the international market for insurance and reinsurance;
b. develop and implement a strategy to achieve the Franchise Goal (the Franchise Strategy) and manage all of the affairs of the Corporation accordingly; and

c. supervise, regulate and direct the business of insurance at Lloyd’s;
and d. protect the Lloyd’s franchise, name, reputation and licences.

2.2 The Franchise Board shall be accountable to the Council for properly performing its functions.

2.3 The Franchise Board shall have all of the powers of the Council delegated to it necessary in order to perform its functions, other than –

a. the powers reserved to the Council and the Committees of the Council; and
b. the powers reserved to the Capacity Transfer Panel.

3. Duties of the Franchise Board and Franchise Board members

3.1 The Franchise Board shall perform all of its functions and exercise all of its powers subject to and in accordance with the Franchise Board Limitations.

3.2 Members of the Franchise Board 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. Matters reserved to the Franchise Board

4.1 Only the Franchise Board shall perform the following functions and exercise the following powers –

a. 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;
b. 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 (the Franchise Prudential and Solvency Requirements). The Franchise Prudential and Solvency
Requirements shall be set in accordance with the PRA and/or FCA’s requirements. The Franchise Prudential and Solvency Requirements 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;

c. the setting of policy and principles with regard to the admission and removal of participants in the Lloyd’s market;

d. considering and approving Lloyd’s risk appetite (both at Corporation and market level);

e. 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);

f. approving the three year strategic plan and the annual plan (as required by the Governance Policies) and the Corporation budget;

g. considering and approving the Interim Management Statements as at Q1 and Q3 (taking into account any recommendations made by the Audit Committee);

h. the appointment and the setting of the terms of reference of the Committees of the Franchise Board, other than the Capacity Transfer Panel;

i. appointing, on the recommendation of the Nominations Committee, members of the Committees of the Franchise Board (other than the Capacity Transfer Panel) and determining their terms of office;

j. making, amending and revoking Standards for underwriting agents;

k. receiving the minutes of the Committees of the Franchise Board (other than MSARC);

l. reviewing, approving and recommending to the Council the final draft of the Lloyd’s Annual and Interim Reports and Aggregate Accounts

m. approving the Lloyd’s Society level capital requirements

unless the Council otherwise directs. The Franchise Board may otherwise appoint committees and individuals to perform its functions and exercise its powers provided always that they are required to act subject to and in accordance with the Franchise Board Limitations.

5. Appointment of the Committees of the Franchise Board

5.1 The Franchise Board shall appoint the Market Supervision and Review Committee and the Investment Committee for the purposes set out in their respective terms of reference and the Franchise Board shall sub-delegate such of its powers to those bodies as necessary or appropriate and may amend the terms of such sub-delegation from time to time.
5.2 The Franchise Board shall, from time to time, and upon the recommendation and advice of the Nominations Committee, appoint the members of the Committees of the Franchise Board other than the Capacity Transfer Panel, and determine their terms of office.

5.3 The Franchise Board may from time to time delegate such of its powers and authorities to such other committees and individuals to act for it as its agents and perform such of its functions and exercise such of its powers as the Franchise Board may from time to time consider appropriate provided always that they are required to act subject to and in accordance with the Franchise Board Limitations. The Franchise Board may from time to time amend or revoke the terms of any such sub-delegation or appointment.

5.4 The Franchise Board may, at any time, remove a member of a Committee of the Franchise Board other than a member of the Capacity Transfer Panel.

6. Meetings

Frequency

6.1 The Franchise Board shall meet at the discretion of the Chairman of the Franchise Board, or in his absence, at the discretion of the Deputy Chairman of the Franchise Board unless otherwise directed by the Council.

6.2 The Franchise Board will ordinarily meet 8 times a year.

Quorum

6.3 The quorum of the Franchise Board shall be 6 members present of whom at least one shall be the Chairman or Deputy Chairman of the Franchise Board, one shall be an Executive Director and one shall be a Non-Executive Director (in addition to the Deputy Chairman when the Chairman is not present).

6.4 A member of the Franchise Board entitled to be present at a meeting of the Franchise Board 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

6.5 Any decision of the Franchise Board shall be made by a simple majority of the members of the Franchise Board present at the meeting provided that in the event of a tie the chairman of the meeting shall have the casting vote.

Minutes

6.6 Minutes shall be maintained of the proceedings of the Franchise Board and copies shall be submitted promptly to the Secretary to the Council.

Paper meetings

6.7 Where it proves impracticable to convene a meeting of the Franchise Board, the papers may be sent to all members of the Franchise Board and any decision made and affirmed in writing by at least 6 of the members of the Franchise Board eligible to vote, one of the votes being that of the Chairman or Deputy Chairman of the Franchise Board, shall be valid and effective as if it had been made at a meeting of the Franchise Board duly convened and held provided that no member of the Franchise Board 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 Franchise Board at its next meeting.

7. Power to obtain assistance

7.1 In the performance of its functions and in the exercise of its powers the Franchise Board may obtain the assistance of any person.

7.2 Where the Franchise Board considers that it requires external legal advice, the Secretary to the Franchise Board shall, prior to seeking that advice, liaise with the General Counsel.
8. **Monitoring and assurance**

*To the Council*

8.1 The Chairman of the Franchise Board shall provide an assurance report at each ordinary meeting of the Council. The report shall be in such form as the Council may from time to time require and it shall include –

a. any matters that may have a significant and material affect upon attaining the Purpose or the delivery of the medium term or annual Franchise Plans; and

b. any significant and material failure to act subject to and in accordance with the Franchise Board Limitations and the action taken to correct such failure.

8.2 The Franchise Board may submit reports to the Council at such other times as the Franchise Board or the Chairman of the Franchise Board may decide.

9. **Indemnity**

9.1 Members of the Franchise Board are entitled to an indemnity from the Society of Lloyds in a form determined pursuant to paragraph 7.16 of the Constitutional Requirements.
2.1 The Principal Committees of the Council

2.2.1 The Audit Committee

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 shall comprise no more than –

a. 5 members of the Council; and
b. 3 Independent Non-Executive Directors of the Franchise Board with relevant experience or qualification and 2 Connected Non-Executive Directors of the Franchise Board.

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

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, on behalf of the Council, 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;
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. 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);

k. review the external auditors’ management letters and management’s response;
l. review the ongoing solvency position and central cash resources of Lloyd’s;
m. 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 policies and procedures;

n. ensure that appropriate arrangements are in place to ensure that the Corporation’s activities are in compliance with relevant laws and regulations;
o. 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);
p. ensure that appropriate arrangements are in place by which members of staff of the Executive may, in confidence, raise concerns relating to possible improprieties relating to the Corporation in matters of financial reporting or other matters.

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 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 Franchise Board Limitations.

3.2 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).

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 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 and shall be submitted promptly to the Secretary to the Council.

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.

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 to the Chairman of the Council 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 submit its minutes to the Franchise Board and the Audit Committee shall report to the Franchise Board on any matters that the Audit Committee believes to be of material interest to the Franchise Board and in particular shall report as necessary to the Franchise Board 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.
2.2.2 Nominations Committee

1. Membership

1.1 The Nominations Committee shall comprise not more than 6 members. Whilst the Nominations Committee is a committee of the Council its members may be members of the Council or members of the Franchise Board save that the Chief Executive Officer and the other executive directors of the Franchise Board shall not be members of the Nominations Committee.

1.2 Only members of the Nominations Committee have the right to attend committee meetings. The Chief Executive Officer should normally attend meetings of the Nominations Committee other than when it is dealing with the matter of the succession of the Chief Executive Officer. Other individuals such as the Head of Human Resources 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 Committee are made by the Council.

1.4 The Council shall appoint the Chairman of Lloyd’s as the Chairman of the Nominations Committee. In the absence of the Chairman of the Nominations 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.

2. Secretary

2.1 The Secretary to the Council or his nominee shall act as secretary of the Nominations Committee.

3. Quorum

3.1 The quorum necessary for meetings of the Nominations Committee shall be 3 members present. A duly convened meeting of the Nominations 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 Committee entitled to be present at a meeting of the Nominations 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 Committee shall meet at least twice a year and otherwise at the discretion of the Chairman of the Nominations Committee or as directed by the Council.

5. Notice of meetings

5.1 Meetings of the Nominations Committee shall be called by the secretary of the committee at the request of the Chairman of the Nominations 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 and the Franchise Board unless it would be inappropriate to do so.

7. Annual General Meeting

7.1 The Chairman of the Nominations 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 Committee shall –

a. keep under review the leadership needs of the Society; 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 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;
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 the Franchise Board*

e. to regularly review the structure, size and composition (including the skills, knowledge and experience) of the Franchise Board and make recommendations to the Council with regard to any changes;
f. to propose to the Council candidates for appointment as members of the Franchise Board (including the Director, Finance and Operations and the Director, Performance Management);
g. to review the results of the Franchise Board’s evaluation performance that relates to the composition of the Board;
Members of Committees of Council (and the Capacity Transfer Panel)

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

Members of Committees of the Franchise Board (other than the Capacity Transfer Panel)

i. to propose to the Franchise Board candidates for appointment as members of the Committees of the Franchise Board (other than the Capacity Transfer Panel);

Other appointments

j. 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 Chairman and Deputy Chairmen of the Lloyd’s Appeal Tribunal, the Lloyd’s Members’ Ombudsman and Deputy Members’ Ombudsman, and trustees of the Lloyd’s Charities Trust, Lloyd’s Tercentenary Research Foundation, and the Lloyd’s Benevolent Fund.

Re-appointment

k. to consider the re-appointment of any person as Chairman of Lloyd’s, as a nominated member of Council or as a member of the Franchise Board 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

l. whereas the appointment of the executive directors who are not members of the Franchise Board 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 Committee in this regard;
m. 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

n 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 members of the Franchise Board, nominated members of Council, other executive directors 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,

and to consider such other matters as the Council or the Franchise Board may from time to time refer to the Nominations Committee.

8.2 Before making any recommendation regarding candidates for appointment to Council or the Franchise Board, the Nominations Committee shall use its best endeavours to evaluate the balance of skills, knowledge, experience and diversity on the Council or Franchise Board as appropriate, 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. in the case of appointments to the Franchise Board, ensure that the Franchise Board, as a whole, contains significant insurance and reinsurance knowledge and expertise.
9. **Reporting responsibilities**

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

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

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

9.4 The Nominations Committee shall submit a written report to the Council annually or at such other times as the Council may require and the Nominations 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 Committee shall -

   a. have access to sufficient resources in order to carry out its duties and in exercising its powers, including access to the Head of Human Resources 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 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 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 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 Committee shall be made by a simple majority of the members of the Nominations 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 Committee, the papers may be sent to all members of the Nominations Committee and any decision made and affirmed in writing by at least 4 of the members of the Nominations Committee, one of the votes being that of the Chairman of the Nominations Committee, shall be valid and effective as if it had been made at a meeting of the Nominations Committee duly convened and held, provided that no member of the Nominations 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 Nominations Committee at its next meeting.

12. **Authorities**

12.1 The Nominations 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 Committee is authorised to obtain, at the Corporation’s expense, external professional advice on any matters within its terms of reference. Where the Nominations Committee considers that it requires external legal advice, the Secretary to the Nominations Committee shall, prior to seeking that advice, liaise with the General Counsel.
2.2.3 Remuneration Committee

1. Membership

1.1 The Remuneration Committee shall comprise not more than 6 members. Whilst the Remuneration Committee is a committee of the Council its members may be members of the Council or members of the Franchise Board save that the Chief Executive Officer and the other executive directors of the Franchise Board 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 Head of Human Resources 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 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, the Remuneration Committee.

2. Secretary

2.1 The Secretary to the Council or his 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 the secretary of the committee 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 and, once agreed, to all members of the Council and Franchise Board unless it would be inappropriate to do so.

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 review and make recommendations to the Council as to the framework or broad policy for the remuneration of the Chairman of Lloyd’s, the Chief Executive Officer, the executive directors, the Secretary to the Council 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 review, and make appropriate recommendations as to, the on-going appropriateness and relevance of the remuneration policy;

d. within the terms of the remuneration policy and in consultation with the Council, Franchise Board, 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, the Secretary to the Council 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;

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 appoint and set the terms of reference for any remunerations consultants who advise the Remuneration Committee;
### Incentive schemes

g. to oversee the operation of and make any amendments to any incentive schemes operated by the Corporation including the Lloyd’s Performance Plan and agree any new schemes;

### Pensions and other benefits

h. to consider the policy for, and scope of, pension arrangements for the Chief Executive Officer, each of the executive directors, the Secretary to the Council 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;

i. to advise on any major changes in employee benefits structures throughout the Corporation (and its subsidiaries) and to review any percentage increase in salary for all Corporation employees (including employees of Corporation subsidiaries);

### Termination

j. to oversee any contractual terms on termination of employment of the Chairman of Lloyd’s, the Chief Executive Officer, an executive director or the Secretary to the Council, and any payments made, to ensure that they are fair to the individual, and the company and that failure is not rewarded;

### Evaluation

k. to review annually the performance of the Chairman, the Chief Executive Officer, the executive directors, the Secretary to the Council 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

l. remuneration of members of Council, members of the Franchise Board and members of their 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 to consider such other matters as the Council or the Franchise Board 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 and to the Franchise Board 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 or the Franchise Board it deems appropriate on any area within its remit where action or improvement in 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 Head of Human Resources 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.
2.3 The Special & Charitable Committees of the Council

2.3.1 The Charitable Committee

1. Number and membership of the Charitable Committee

1.1 The maximum number of members of the Charitable Committee shall be 10 one of whom shall be Chairman of the Charitable Committee. In the absence of the Chairman of the Charitable Committee, the remaining members present shall elect one of themselves to chair the meeting.

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

2. Functions, responsibilities and powers of the Charitable Committee

2.1 The functions of the Charitable Committee shall be to –

   a. act as the Trustees of Lloyd’s Charities Trust in accordance with the trust deed dated 17 June 1953 as supplemented by additional deeds and schemes;
   b. be aware of the expenditure of the Lloyd’s Charities Trust, including Lloyd’s Community Programme and Lloyd’s Education Fund, and to comment to the Council if necessary on the sufficiency thereof;
   c. consider appeals from registered charities and to agree the level of support to be given;
   d. raise, invest and disburse funds to registered Charities from the Lloyd’s Charities Trust and all matters incidental thereto as Trustees of the Lloyd’s Charities Trust and review matters of policy in this area and where appropriate to inform the Council of any material decisions made.

2.2 In the performance of its functions the Charitable Committee shall consider the interests of members of the Society generally and report to the Council upon any effect that a policy decision is likely to have upon such interests.
2.3. The Charitable Committee shall be accountable to the Council for properly performing its functions and the Charitable Committee shall have all necessary powers of the Council, other than those reserved to the Council, in order to properly perform its functions.

3. Matters reserved to the Charitable Committee

3.1 The Charitable Committee shall not appoint any person to perform its functions or exercise its powers.

4. Meetings

Frequency

4.1 The Charitable Committee shall meet at the discretion of the Chairman of the Charitable Committee unless otherwise directed by the Council.

4.2 The Charitable Committee will ordinarily meet 3 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 be sent to committee members at the same time.

Quorum

4.4 The quorum of meetings of the Charitable Committee shall be 5 members present.

4.5 A member of the Charitable Committee entitled to be present at a meeting of the Charitable 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

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

Minutes

4.7 Minutes shall be maintained of the proceedings of the Charitable Committee and copies shall be submitted promptly to the Secretary to the Council.

Paper meetings

4.8 Where it proves impracticable to convene a meeting of the Charitable Committee, the papers may be sent to all members of the Charitable Committee and any decision made and affirmed in writing by at least 6 of the members of the Charitable Committee eligible to vote, one of the votes being that of the Chairman of the Charitable Committee, shall be valid and effective as if it had been made at a meeting of the Charitable Committee duly convened and held provided that no member of the Charitable 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 Charitable 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 Charitable Committee may obtain assistance from any person.

5.2 Where Charitable Committee considers that it requires external legal advice, the Secretary to the Charitable Committee shall, prior to seeking that advice, liaise with the General Counsel.

6. Reporting

6.1 The Charitable Committee shall submit a written report to the Council annually.

6.2 The Charitable Committee may submit reports to the Council or to the Chairman of Lloyd’s at such other times as the Charitable Committee or the Chairman of the Charitable Committee may decide.
6.3 The Charitable Committee shall ensure that the Council or the Chairman of Lloyd’s is informed promptly of any matters of material concern to the Charitable Committee.

7. **Indemnity**

7.1 Members of the Charitable 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 Charitable 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.
2.3.2 The Lloyd’s Enforcement Board

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 4 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. 2 or 3 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.
2.4 Chairman and Deputy Chairmen of Lloyd’s (including the Senior Independent Deputy Chairman)

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 Chief Executive Officer).

2. Functions and powers of the Chairman

2.1 The functions of the Chairman shall be –

a. to chair and ensure the proper and efficient conduct of meetings of the Council and the Franchise Board making sure that Council and Franchise Board are properly engaged in the development of policies relating to the strategy and operations of the Lloyd’s market and the Corporation;

b. to chair General Meetings of the Society including the Annual General Meeting;

c. to oversee Lloyd’s governance arrangements making sure they are effective and that the Council and Franchise Board fulfil their respective responsibilities;

d. through the Franchise Board, to have responsibility for monitoring the formulation of Lloyd’s strategy;
e. to hold the Chief Executive Officer responsible for implementation of Council and Franchise Board policies, the effective management of the Corporation and the discharge of the Chief Executive Officer’s wider responsibilities;

f. through the Franchise Board, to ensure that Lloyd’s is effectively supervising, regulating and directing the business of insurance at Lloyd’s and in the capacity as Chairman of the Franchise Board to report to Council as to the Franchise Board’s activities;

g. 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;

h. to chair the Nominations Committee and in that regard to consider recommendations for appointments of the Chief Executive Officer, Deputy Chairmen, members of the Council and Franchise Board and relevant committees, and to be assured that processes are in place to ensure that they are held accountable for their performance;

i. 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;

j. with the Chief Executive Officer, to make recommendations to Council as to the remuneration of members of the Council, Franchise Board and other committees of those bodies (other than where those members are executive directors); and

k. 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 and the Franchise Board where necessary;

b. where the senior independent Deputy Chairman is the Chairman of the Remuneration Committee, to lead the performance evaluation of the Chairman taking into account, as relevant, the views of the nominated members of Council, the non-executive members of the Franchise Board and the Chief Executive Officer; and

c. to chair the Nomination Committee when it is considering succession to the role of Chairman.

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 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.
Section 3:- The Committees of the Franchise Board

3.1.1 The Market Supervision and Review Committee

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 Franchise Board.

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. consider and determine any matter which the Franchise Board has, in the performance of its functions, referred to the Market Supervision and Review Committee for consideration and determination;

d. consider and determine any matter which a member of the executive has, in the performance of his 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 Franchise Board for properly fulfilling its functions and the Market Supervision and Review Committee shall have all necessary powers of the Franchise Board 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 and/or direct that, by reason of the conviction of the member or of the controller of the member for a reportable criminal offence, a member cease, or reduce the level of, his underwriting business at Lloyd’s under paragraph 40(c) of the Membership Byelaw and to issue any consequential directions (other than where that power may be exercised by the Head of Finance or the Head of Market Services or by such other authorised person);

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 or Franchise Board 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 Franchise Board
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 or the Franchise Board.

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 Franchise Board.

**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 Franchise Board annually.

7.2 The Market Supervision and Review Committee may submit reports to the Franchise Board 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 Franchise Board 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.
3.1.2 The Capacity Transfer Panel

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 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 the Mandatory Offer Byelaw;
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, mandatory offers and syndicate mergers;
d. 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;

e. advise the Franchise Board on any proposed amendments to the rules relating to minority buy-outs, mergers 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 Franchise Board 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 or the Franchise Board.

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 Franchise Board.

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 Franchise Board annually.

7.2 The Capacity Transfer Panel may submit reports to the Franchise Board 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 Franchise Board 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.
3.1.3 The Investment Committee

1. Number and membership of the Investment Committee

1.1 The maximum number of members of the Investment Committee shall be 7 one of whom shall be the Chairman of the Investment Committee and one of whom may be the Deputy Chairman of the Investment Committee.

1.2 Appointments to the Investment Committee are made by the Franchise Board.

2. Functions, powers and responsibilities of the Investment Committee

2.1 The functions of the Investment Committee shall be –

a. to set investment objectives and parameters and be responsible for the investment policy of the Central Fund, the New Central Fund, Lloyd’s Illinois Reserve Fund, Kentucky Reserve Funds, Joint Asset Trust Funds, Australian Trust Funds, South African Trust Funds and Members Cash Deposit Fund;

b. to monitor and advise on the investment operations of the Treasury Department in respect of all funds under its management;

c. to monitor the investment performance of the above funds;

d. to approve the Treasury Department banking and broking counterparties;

e. to consider how the central investment management resource can most effectively be used to assist the Lloyd’s market;

f. to be aware of investment management resources employed and make recommendations where necessary; and

g. 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.

2.2 The Investment Committee shall be accountable to the Franchise Board 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 Franchise Board 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 Chairman of the Investment Committee or, in his absence, at the discretion of the Deputy Chairman of the Investment Committee unless otherwise directed by the Council or the Franchise Board.

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 chairman 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 Franchise Board.

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 Chairman or Deputy Chairman 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 Franchise Board annually.

6.2 The Investment Committee shall obtain the approval of the Franchise Board 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 Franchise Board at such other times as the Investment Committee or the Chairman of the Investment Committee may decide.

6.4 The Investment Committee shall ensure that the Franchise Board 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.
The Risk Committee

1. Function and responsibilities of the Risk Committee

1.1 The function of the Risk Committee shall be to provide suitable, appropriate and proportionate assurance to the Franchise Board via the Chief Executive Officer, that risks to the Society are identified and managed in accordance with approved policies and risk appetites as established from time to time by the Franchise Board.

1.2 Without prejudice to the generality of 1.1 above the functions of the Risk Committee shall include –

oversight

a. to have primary responsibility for ensuring that the Society risks are subject to appropriate governance and oversight. In particular, to ensure suitable, appropriate and proportionate oversight is provided in respect of each of financial, non-financial and other risks at –

i. member level (including at syndicate level or at aggregated market level),
ii. underwriting and members’ agent level, and
iii. the Corporation;

b. in performing its oversight function the Risk Committee shall pay due regard to the aggregation of risks and concentrations of risk and in particular ensure any potential material risks are identified (at member, managing agent or Corporation level) through appropriate use of Management Information analysis including prospective scenario analysis and ensure appropriate remedial action is taken;

c. to identify and consider emerging risks that may require the development of suitable mitigating actions and strategies;

d. to ensure that consideration of risk and solvency is appropriately embedded within decision making within the Corporation.
risk appetite

e. having regard to the material Society risks, to make recommendations as appropriate to the Franchise Board via the Chief Executive Officer regarding the design and formulation of the Society’s overall risk appetite for managing all significant financial, non-financial and other risks facing the Society;

f. to monitor the current and prospective risk profile of the Society against the risk appetite and propose appropriate remedial action or plans where necessary;

stress testing and scenario analysis

g. to consider the appropriateness of stress tests, scenario analysis and reverse stress tests, to consider results and to propose appropriate remedial action where necessary;

capital management

h. to have primary responsibility for ensuring the Society maintains a sufficient and appropriate level of capital to support the business strategy and risks faced

reporting

i. to make such reports to the Franchise Board, via the Chief Executive Officer, regarding the effectiveness of the risk management processes or to inform them of any material risks (especially of any risks that are outside the risk appetite or which may materially impact upon Lloyd’s solvency, ratings or Central Fund);

internal model

j. to consider the appropriateness of the design and methodologies associated with the ‘Lloyd’s Internal Model’ and to ensure the outputs are of the Lloyd’s Internal Model are appropriately embedded within and used to support decision making associated with risk within the Corporation.
1.3 The Risk Committee shall have all those powers of the Franchise Board and the Chief
Executive Officer in order to fulfill its functions other than those powers that the
Franchise Board may from time to time reserve to itself.

2. Appointment of the Risk Committee’s sub-committees

2.1 In order to assist the Risk Committee to carry out its assurance and reporting
functions it shall –

a. appoint as its sub-committees –
   i. the Syndicate Risk Committee;
   ii. the Financial Risk Committee;
   iii. the Corporation Risk Committee;
   iv. any other ad hoc sub-committee or sub-committees as the Risk Committee
      may from time to time determine;

b. establish and maintain terms of reference for each sub-committee which shall
   include allocating oversight responsibilities for the risks identified by the risk
   universe;

c. establish protocols or other arrangements to ensure the effectiveness of sub-
   committee liaison and cross-working arrangements to ensure proper and effective
   co-ordination of sub-committee responsibilities and where necessary to determine
   and allocate which sub-committee should take responsibility for an issue or make a
   decision where that is otherwise unclear;

d. receive and critically consider reports from each of its sub-committees which shall
   include reports regarding their oversight of any key or material risks.

3. The Franchise Board Limitations

3.1 The Risk Committee shall perform all its functions subject to and in accordance
with the Franchise Board Limitations (including the Franchise Principles) and in
accordance with the strategy, policy and principles set by the Franchise Board and
the Chief Executive Officer.
4. **Meetings**

4.1 The Risk Committee shall comprise the following

a. Chief Executive Officer (Chair)
b. Director, Finance
c. Director, Performance Management
d. Chief Risk Officer and General Counsel

4.2 Appointments to the Risk Committee are made by the Franchise Board

4.3 The Chairman of the Syndicate Risk Committee (or another member of that sub-committee as alternate) shall be invited to attend each meeting of the Risk Committee for the purpose of presenting the sub-committee report and to be critically challenged.

4.4 The Chairman of the Financial Risk Committee and the Chairman of the Corporation Risk Committee (or another member of those sub-committees as alternate) shall be invited to attend the full quarterly meeting of the Risk Committee for the purpose of presenting their respective sub-committee reports and to be critically challenged.

4.5 The Risk Committee may invite as required other members of the senior management (including, but not limited to, the Head of Risk Management, Head of Market Reserving and Capital and Head of Internal Audit) to attend meetings of the Risk Committee.

*Frequency*

4.6 The Risk Committee will normally meet monthly or otherwise at the discretion of the Chairman of the Risk Committee.

4.7 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

4.8 The quorum of the meeting shall be 3 members present.

Minutes

4.9 Minutes shall be maintained of the proceedings of the Risk Committee.

Reporting

4.10 The Risk Committee shall be accountable to the Franchise Board with regard to the performance of its functions and the exercise of its powers.

4.11 The Risk Committee shall provide regular risk reports to the Franchise Board and Audit Committee via the Chief Executive Officer which shall include any key or material risks (including those that are outside the risk appetite or which may materially impact upon Lloyd’s solvency, ratings or Central Fund).

5. Other matters

5.1 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 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.
3.2 The Chief Executive Officer

1. Function and powers of the Chief Executive Officer derived from the Franchise Board

1.1 The functions of the Chief Executive Officer shall be -

a) to lead the Society of Lloyd’s and the directors and employees (the “Executive”) in the performance of the Franchise Board’s functions taking into account relevant legal, regulatory and corporate governance practices;
b) to make recommendations to Council and the Franchise Board regarding the formulation of strategies and plans for the Society and to have responsibility for the delivery of those strategies and plans;
c) to have ultimate responsibility for risk management and to ensure the provision of balanced and accessible information and advice on Society-wide risk issues to Council and the Franchise Board;
d) to create and maintain effective relationships with key stakeholders including market participants, capital providers, and representative bodies;
e) to ensure close and effective relations with governmental and external regulatory bodies (including in the UK, EU and overseas regulators);
f) to oversee the provision of Corporate Services, including Human Resources, Council Secretariat, Internal Audit, and Communications and to ensure that all outstanding internal audit issues relevant to Corporate Services functions are actioned on a timely basis;
g) to lead and manage the Executive Team and those senior managers who report directly to the Chief Executive Officer and to ensure that their development needs are identified and met in order to enhance performance and delivery;
h) to lead the delivery of all external corporate communications and the promotion of the Lloyd’s market and brand worldwide;
i) to keep the Chairman of Lloyd’s informed on the important and strategic issues facing the Lloyd’s market and the Corporation;
j) with the Chairman of Lloyd’s, to make recommendations to Council regarding the remuneration of members of the Council, Franchise Board and other committees of those bodies (other than where those members are executive directors);
k) to have primary executive responsibility for ensuring that health and safety requirements are met by the Society; and
l) to promote the Corporate and Social Responsibility (CSR) agenda and specifically to progress Lloyd’s CSR objectives of making a positive social contribution to the countries where it is located and where it is looking to expand, and to support a culture in the Corporation and the Market where a talented, diverse workforce is valued and proactively encouraged.
1.2 The Franchise Board may delegate functions and powers to the Chief Executive Officer, other than where those functions and powers are reserved to it or its Committees, and the Chief Executive Officer shall have the relevant powers of the Franchise Board in order to fulfil her functions provided that she shall –

a. only exercise her powers where she objectively considers that it is appropriate for her to do so;
b. refer any matter for decision to the Franchise Board where she objectively considers that the circumstances are such that the matter should be so referred;
c. only exercise her powers in accordance with the strategy, policy and principles set by the Franchise Board;
d. only exercise her powers having taken into account where appropriate any relevant risk or capital considerations including any relevant risk appetite; and
e. perform all of her functions and exercise all of her powers subject to and in accordance with the Franchise Board Limitations (including the Performance and Risk Management Principles) and in accordance with the strategy, policy and principles set by the Franchise Board.

1.3 In undertaking her functions the Chief Executive Officer shall ensure that she undertakes effective, proportionate and timely actions in accordance with Lloyd’s policies and Lloyd’s risk appetite and in this regard shall have primary risk accountability to Council and the Franchise Board for Society-wide risk issues, including strategic risks.

1.4 The Chief Executive Officer shall ensure that the assessment and use of risk and capital in decision making are effectively embedded and used across the Society having particular regard to the Society’s risk management framework.

2. The Directors

2.1 The Chief Executive Officer shall delegate to the Directors and the Secretary to the Council and Franchise Board such authorities and powers that the Chief Executive Officer thinks fit to perform the functions and exercise the powers in accordance with their terms of reference below.
2.2 The Chief Executive Officer may at any time amend or revoke in writing a Director’s terms of reference.

2.3 The Chief Executive Officer shall appoint the Executive Team in accordance with its terms of reference below and the Chief Executive Officer shall, from time to time, appoint the members of the Executive Team.

2.4 The Chief Executive Officer may, from time to time, appoint in writing other persons or Directors to perform such of her functions and exercise such of her powers as she considers appropriate in the circumstances.

3. Reporting

3.1 The Chief Executive Officer shall report at each ordinary meeting of the Franchise Board and Council on her key activities and on the key powers exercised by her and the other members of the Executive on behalf of the Franchise Board and be accountable for the exercise of those powers.
Section 4:- The Executive and Lloyd’s Risk Committees

4.1.1 The Director, Finance

1. Functions and powers of the Director, Finance

1.1 The functions of the Director, Finance are to perform the directorate functions set out at paragraph 1.2 below and to contribute as a member of the Chief Executive Officer’s senior management team, at all times having due regard to the risk and capital profile and associated risk appetites of the Society.

1.2 The Director, Finance shall have primary operational responsibility for decisions that relate to the following -

*Finance, market reserving and capital functions*

a. to oversee and manage the solvency and liquidity of the Society of Lloyd’s in accordance with, and using, the Lloyd’s Internal Model as approved by the Franchise Board;
b. to oversee and manage the finances of the Society of Lloyd’s, the tax, treasury and financial control functions (including procurement and supplier management) and the financial reporting and accounting processes and authorise the giving of indemnities;
c. to oversee and manage the provision of the central accounting system;
d. to oversee and manage systems of internal control of the Society of Lloyd’s;
e. to oversee and manage the credit control systems of the Society of Lloyd’s;
f. to establish prudent financial authority limits for the Executive;
g. to develop, implement and operate the Prudential and Solvency Requirements in accordance with the prudent policy and principles set by the Franchise Board and in accordance with the requirements of the Prudential Regulation Authority and the Financial Conduct Authority. The Prudential and Solvency Requirements shall include the setting of capitalisation ratios, oversight of syndicate reserve adequacy, members’ capital requirements and the relationship between capitalisation at member level and the New Central Fund;
h. to ensure that the Lloyd’s Internal Model meets Solvency II standards;
i. to oversee and monitor the solvency of underwriting members of Lloyd’s in accordance with the Prudential and Solvency Requirements;

*ratings agencies, investors and investment analyst relationship functions*
j. to act as the principal point of contact and communication for Lloyd’s with rating agencies, investors and investment analysts and to support and promote Lloyd’s position with the rating agencies, investor and the investment analyst communities;

k. to co-ordinate Executive contact with the rating agencies, investors and investment analysts and to ensure that rating agencies, investors and investment analysts are provided with high quality, relevant and up-to-date information;

l. to support the Franchise Board in determining and delivering target ratings for the market, to communicate rating and other key issues to the market and to analyse competitor performance and ratings;

membership functions

m. to oversee and manage the provision of services to members of Lloyd’s;

n. to operate the Market Supervision Framework and the Prudential and Solvency Requirements in connection with the authorisation of members of Lloyd’s to conduct insurance business in accordance with the policy and principles set by the Franchise Board and in accordance with the requirements of the Prudential Regulation Authority and the Financial Conduct Authority;

directorate management functions

o. to lead and manage the Finance directorate to deliver a high quality and efficient service in line with Lloyd’s risk management framework and to ensure compliance with Lloyd’s compliance arrangements;

p. to lead and manage the senior managers who report directly to the Finance Director and to ensure that their development needs are met in order to enhance performance and delivery;

q. to be accountable to the Chief Executive Officer for the health and safety of all staff within the Finance directorate including but not limited to ensuring the effective communication of health and safety issues and policies across the directorate;

r. to manage the Finance directorate’s budget and to authorise expenditure within authority limits;

s. to attest the common seal of Lloyd’s, execute deeds and sign documents in writing on behalf of Lloyd’s in accordance with the Constitutional Arrangements Byelaw;

t. to promote the Corporate and Social Responsibility (CSR) agenda and specifically to progress Lloyd’s CSR objective of using its position and
voice to inform and encourage appropriate action on global social and environmental issues of relevance to insurance, such as climate change, whilst ensuring its internal practices support its external messages; and

u. to ensure that all outstanding internal audit issues relevant to the Finance Directorate are actioned on a timely basis.

Risk and capital

1.3 In undertaking these functions the Director, Finance shall undertake effective, proportionate and timely actions in accordance with Lloyd’s policies and Lloyd’s risk appetite.

1.4 The Director, Finance shall ensure that the assessment and use of risk and capital in decision making are effectively embedded and used across the Finance & Operations Directorate having particular regard to the Society’s risk management framework.

1.5 The Director, Finance shall have all of the powers of the Chief Executive necessary in order to fulfil the Director, Finance’s functions other than those powers that the Chief Executive may from time to time reserve to the Chief Executive Officer.

1.6 Without prejudice to the generality of the foregoing, and subject to the provisions below, the Director, Finance may exercise the following powers –

a. in respect of the finance, market reserving and capital functions –

i. to exercise the powers contained in the Banking and Subsidiaries Lending – Memorandum of Authority dated 4 December 2002 (as amended from time to time) jointly with the other agents, including the powers relating to bank accounts, financial arrangements, payment requisitioning and authorisation, settlement and trust fund operations, the treasury function, loans to subsidiaries and the Lloyd's Central Fund United States Trust Funds Nos. 1 and 2;

ii. to make recommendations to the Council in respect of the operation of the Central Fund and to exercise such powers in accordance with any authority granted to him by the Council in respect of the New Central Fund but for the avoidance of doubt the Director, Finance shall not exercise any powers in connection with the New Central Fund which have been reserved to the Council;

iii. to determine appropriate financial reporting and accounting processes in accordance with the objectives of the Society of
Lloyd’s and applicable laws, regulations and accounting standards;

iv. to exercise the powers, functions and duties of Lloyd’s or the Council (as the case may be) under, in connection with or for the purposes of any trust deed prescribed by Lloyd’s (including, but not limited to, any Premiums Trust Deed, any Overseas Business Regulatory Deposit or any Special Trust Direction, any deposit trust deed and any Special Reserve Fund Trust Deed) and, where appropriate, act in accordance with any authority granted to him by the Council, Franchise Board or Chief Executive Officer;

v. to exercise any and every power contained in byelaws that relate to or are ancillary or incidental to the Director, Finance’s functions, including but not limited to, exercising as necessary the powers in the Solvency and Reporting Byelaw, Syndicate Accounting Byelaw, and the Overseas Underwriting Byelaw, Membership Byelaw, Central Accounting Byelaw, Underwriting Byelaw, Miscellaneous Provisions Byelaw

vi. to authorise the giving of indemnities by the Society.

vii. to recommend to the Council the appropriate level of New Central Fund contributions;

viii. to issue guidelines for managing agents regarding syndicate level ICAs and to review syndicate ICAs;

c. in respect of the membership functions –

i. to determine the stewardship of members’ assets held as funds at Lloyd’s;

ii. to exercise Lloyd’s powers, functions and duties as Trustee under Lloyd’s trust deeds in respect of members’ funds at Lloyd’s;

iii. to exercise the Society’s powers and discretions under, in connection with or for the purposes of members’ funds at Lloyd’s trust deeds;

iv. to manage Lloyd’s Members’ Agency Services Limited;

ev. to exercise the powers contained in byelaws that relate to or are ancillary or incidental to the membership functions, including but not limited to, exercising as necessary the powers in the Membership Byelaw, the Underwriting Byelaw and the Overseas Underwriting Byelaw.

1.7 The Director, Finance and any person appointed by the Director in accordance with paragraph 3.1 below, shall only exercise the Director, Finance’s powers in accordance with the Guidance for Decision Making.
2. **Matters reserved to the Director, Finance**

2.1 The Director, Finance shall not appoint any other person to perform the “directorate management functions” unless the Council, the Franchise Board or the Chief Executive Officer otherwise direct.

3. **Acting by Members of the Director, Finance’s Staff**

3.1 Subject to paragraphs 2 and 1.7 of these terms of reference, the Director, Finance may appoint such of the members of staff (employees of the Society or other individuals that work for the Director by way of secondment or contract) to exercise such of the Director, Finance’s powers, other than those powers that the Director, Finance may from time to time reserve to the Director, Finance, in accordance with their Role Profiles, job descriptions, seniority and experience and, in respect of the finance functions, in accordance with their written authorities provided that only the Director, Finance may exercise any power under the Miscellaneous Provisions Byelaw (waiver and confidentiality provisions) and that only the Director, Finance or such other person as the Director, Finance may appoint in writing may authorise the giving of any indemnity by the Society.

3.2 The Director, Finance may, from time to time, appoint in writing other members of staff to exercise such of the Director, Finance’s powers as the Director, Finance considers appropriate in the circumstances.

4. **Reporting**

4.1 The Director, Finance shall report and be accountable to the Chief Executive Officer with regard to the performance of the Director, Finance’s functions and the exercise of the Director, Finance’s powers including all material risks to the Society (Corporation or Market level) arising out of the exercise of the powers and/or functions and to report any decisions, matters or risks that fall outside the risk appetite as approved by the Franchise Board.
4.1.2 The Director of Operations

1. Functions and powers of the Director of Operations

1.1 The functions of the Director of Operations are to perform the directorate functions set out at paragraph 1.2 below and to contribute as a member of the Chief Executive Officer’s senior management team, at all times having due regard to the risk and capital profile and associated risk appetites of the Society.

1.2 The Director of Operations shall have primary operational responsibility for decisions that relate to the following -

operations functions

a. to develop and operate systems of internal control of the Society of Lloyd’s relating to information technology, internal processes and supply management in accordance with the internal control systems set by the Franchise Board, Chief Executive Officer and Director of Operations;

b. to oversee the activities of the Lloyd’s Data Protection Officer and to liaise as appropriate with the Chief Risk Officer and General Counsel regarding data protection issues;

c. to identify, develop and implement effective technological solutions to assist the delivery of the Franchise Plan and to establish and enforce suitable and appropriate protocols, standards and policies for the proper, effective and secure use of Lloyd’s information technology services;

d. to manage the Information Technology Group and to manage any outsourced service providers;

e. to oversee and manage Lloyd’s property services including the management of any outsourced service providers and to ensure that proper and suitable health and safety procedures and policies are developed, implemented and operated;

f. to oversee Lloyd’s customer services functions including the complaints handling function and make reports to the Financial Services Ombudsman and to administer the Lloyd’s Arbitration Scheme;

g. to oversee and manage the provision of services by Centrewrite;

market operations functions

h. to drive appropriate strategies and plans for the improvement and modernisation of the market operations and infrastructure in accordance
with the strategy, policy and principles set by the Franchise Board and the Chief Executive;

i. to lead the delivery of market operation improvement strategies and plans, and facilitating the use of appropriate technological and infrastructure solutions;

j. to manage on behalf of Lloyd’s the relationship with external parties that are relevant to the delivery of business process reforms including the PRA and FCA;

**directorate management functions**

k. to lead and manage the Operations’ directorate to deliver a high quality and efficient service in line with Lloyd’s risk management framework and to ensure compliance with Lloyd’s compliance arrangements;

l. to lead and manage the senior managers who report directly to the Director of Operations and to ensure that their development needs are met in order to enhance performance and delivery;

m. to be accountable to the Chief Executive Officer for the health and safety of all staff within the Operations directorate including but not limited to ensuring the effective communication of health and safety issues and policies across the directorate;

n. to manage the Operations’ directorate’s budget and to authorise expenditure within authority limits;

o. to attest the common seal of Lloyd’s, execute deeds and sign documents in writing on behalf of Lloyd’s in accordance with the Constitutional Arrangements Byelaw;

p. to promote the Corporate and Social Responsibility (CSR) agenda and specifically to progress Lloyd’s CSR objective of using its position and voice to inform and encourage appropriate action on global social and environmental issues of relevance to insurance, such as climate change, whilst ensuring its internal practices support its external messages; and

q. to ensure that all outstanding internal audit issues relevant to the Operations Directorate are actioned on a timely basis.

**Risk and capital**

1.3 In undertaking these functions the Director of Operations shall undertake effective, proportionate and timely actions in accordance with Lloyd’s policies and Lloyd’s risk appetite

1.4 The Director of Operations shall ensure that the assessment and use of risk and
capital in decision making are effectively embedded and used across the Operations Directorate having particular regard to the Society’s risk management framework.

1.5 The Director of Operations shall have all of the powers of the Chief Executive necessary in order to fulfil the Director of Operations’ functions other than those powers that the Chief Executive may from time to time reserve to the Chief Executive.

1.6 The Director of Operations and any person appointed by the Director in accordance with paragraph 3.1 below, shall only exercise the Director of Operations’ powers in accordance with the Guidance for Decision Making.

2. Matters reserved to the Director of Operations

2.1 The Director of Operations shall not appoint any other person to perform the “directorate management functions” unless the Council, the Franchise Board or the Chief Executive Officer otherwise direct.

3. Acting by Members of the Director of Operations’ Staff

3.1 Subject to paragraphs 2 and 1.6 of these terms of reference, the Director of Operations may appoint such of the members of staff (employees of the Society or other individuals that work for the Director by way of secondment or contract) to exercise such of the Director of Operations’ powers, other than those powers that the Director of Operations may from time to time reserve to the Director of Operations, in accordance with their Role Profiles, job descriptions, seniority and experience and in accordance with their written authorities provided that only the Director of Operations may exercise any power under the Miscellaneous Provisions Byelaw (waiver and confidentiality provisions).

3.2 The Director of Operations may, from time to time, appoint in writing other members of staff to exercise such of the Director of Operations’ powers as the Director of Operations considers appropriate in the circumstances.

4. Reporting

4.1 The Director of Operations shall report and be accountable to the Chief Executive Officer with regard to the performance of the Director of Operations’ functions and the exercise of the Director of Operations’ powers including all material risks to the Society (Corporation or Market level) arising out of the exercise of the powers and/or functions and to report any decisions, matters or risks that fall
outside the risk appetite as approved by the Franchise Board.
4.1.3 The Chief Risk Officer & General Counsel

1. Functions and powers of the Chief Risk Officer & General Counsel.

1.1 The functions of the Chief Risk Officer and General Counsel are to perform the directorate functions set out at paragraph 1.2 below and to contribute as a member of the Chief Executive Officer’s senior management team, at all times having due regard to the risk and capital profile and associated appetites of the Society.

1.2 The Chief Risk Officer and General Counsel shall have primary operational responsibility for decisions that relate to the following:

   international regulatory affairs functions

   a. to manage, protect, develop and enhance Lloyd’s licensing, trading platform and representative position in all Lloyd’s markets consistent with the commercial strategies of the market;
   b. to formulate and advance views on the future regulation of the Lloyd’s market to relevant UK legislators and policymakers;
   c. to manage the Government Affairs programme for the Society of Lloyd’s;
   d. to manage all issues relating to fraud against the Society and to protect Lloyd’s name, reputation and licences against damage, fraudulent misrepresentation and misuse and against the risk of financial crime;
   e. to liaise and manage relations with overseas regulatory bodies and the UK Government and to co-ordinate and manage any responses for requests for information for such regulators;
   f. to operate the Council’s functions and powers under the Annual Subscribers Byelaw;
   g. to operate as appropriate the Council’s functions and powers under the Overseas Underwriting Byelaw;
   h. To make recommendations for strategy and plans that relate to the implementation of Solvency II across the Corporation.

   legal functions

   i. to advise the Council, the Franchise Board, the Committees of the Council and the Committees of the Franchise Board and the Executive with regard to all legal matters as they affect the Society, including in respect of North America, particularly “high impact” issues;
j. to participate in strategic planning to ensure that plans are legally feasible and to assess any associated legal risks;
k. to advise upon any competition law issues associated with any plan or proposed action;
l. to develop and implement strategies for the management of legal and regulatory proceedings involving the Society and, where appropriate, to coordinate strategies in respect of legal or regulatory proceedings that may impact upon Lloyd’s brand and reputation;
m. to discuss trends in law, predict potential impacts and assist management in addressing issues;
n. to investigate, prepare and prosecute enforcement cases against market participants who breach Lloyd’s requirements;

*compliance functions*

o. to advise the Council, the Franchise Board and the Committees of the Council and the Franchise Board and the Executive on compliance with the Financial Services and Markets Act 2000 and all other relevant legislation and monitor compliance therewith and to appoint the Head of Compliance;
p. to act as the Money Laundering Reporting Officer for the Society of Lloyd’s;
q. to manage all issues relating to data protection and to appoint the Data Protection Officer for the Society of Lloyd’s;
r. to supervise the Capacity Transfer Market and to appoint the Auction Official and the Conversion Official;

*risk management functions*

s. as Chief Risk Officer be accountable to the Franchise Board and Council for Society-wide risk issues, including strategic risks;
t. to ensure that the assessment and use of risk and capital in strategic decision making are effectively embedded and used across the Society;
u. to develop and operate the Lloyd’s Risk Strategy on behalf of the Society in accordance with the risk mitigation strategies set by the Franchise Board;
v. to develop, implement and operate a risk framework and risk function including the “Own Risk and Solvency Assessment” designed to measure, aggregate and monitor Corporation and market risks in all Lloyd’s territories in accordance with the strategy, policy and principles set by the Franchise Board;
w. to oversee, develop, implement and operate risk mitigation strategies;
x. to oversee the design and formulation of risk appetites to manage all significant financial, non-financial and other risks facing the Society and to
report to the Franchise Board and the Council via the Risk Committee on
the same;
x. to develop, implement and operate appropriate business continuity
processes for the Society of Lloyd’s to manage information technology,
insurance and regulatory risks;
y. to develop and operate the Market Supervision Framework to identify
whether the intensity of supervision in the Lloyd’s market is appropriate
and report to the Franchise Board and Council on the same;
z. to ensure the effective operation of the Society’s risk management
framework across the Corporation including providing challenge to other
members of the Executive where appropriate
aa. to develop and implement appropriate conduct risk standards for the
Society

directorate management functions

bb. to lead and manage the Risk Management and General Counsel Directorate
to deliver a high quality and efficient service in line with Lloyd’s risk
management framework and to ensure compliance with Lloyd’s
compliance arrangements;
c. to manage the Risk Management and General Counsel Directorate’s budget
and to authorise expenditure within authority limits;
dd. to lead and manage the senior managers who report directly to the Chief
Risk Officer and General Counsel and to ensure that their development
needs are met in order to enhance performance and delivery;
ee. to be accountable to the Chief Executive Officer for the health and safety of
all staff within the Risk Management & General Counsel directorate
including but not limited to ensuring the effective communication of health
and safety issues and policies across the directorate;
ff. to attest the common seal of Lloyd’s, execute deeds, and sign documents in
writing on behalf of Lloyd’s in accordance with the Constitutional
Arrangements Byelaw and to appoint other individuals to perform those
functions and to approve arrangements and procedures for the use,
application and attestation of the common seal of Lloyd’s (including the
use of automated signing and sealing machines) and for signature of
documents in writing on behalf of Lloyd’s;

gg. with the consent of one or more other Directors, to authorise the giving of
an indemnity by the Society.

hh. to promote the Corporate and Social Responsibility (CSR) agenda and
specifically to progress Lloyd’s CSR objective of working with the Market
to maintain high standards of integrity and conduct; and

ii. to ensure that all outstanding internal audit issues relevant to the Risk
Management & General Counsel directorate are actioned on a timely basis.

Risk and capital

1.3 In undertaking these functions the Chief Risk Officer & General Counsel shall undertake effective, proportionate and timely actions in accordance with Lloyd’s policies and Lloyd’s risk appetite.

1.4 The Chief Risk Officer & General Counsel shall ensure that the assessment and use of risk and capital in decision making are effectively embedded and used across the Risk Management & General Counsel Division having particular regard to the Society’s risk management framework.

1.5 The Chief Risk Officer & General Counsel shall have all of the powers of the Chief Executive in order to fulfil the Chief Risk Officer & General Counsel’s functions other than those powers that the Chief Executive may from time to time reserve to the Chief Executive save that –

a. the Chief Risk Officer & General Counsel may only authorise the giving of an indemnity where it is not reasonably practicable for the Chief Executive Officer or Director, Finance to consider that request for the authorisation of the indemnity.

1.6 Without prejudice to the generality of the foregoing, and subject to the provisions below, the Chief Risk Officer & General Counsel may exercise the following powers –

a. in respect of the legal functions –

i. to exercise the power to commence and settle any proceedings involving the Society save that in respect of proceedings that may materially impact upon the interests of the Society as a whole the Chief Risk Officer & General Counsel shall first liaise with the Chief Executive Officer;

ii. to exercise all relevant powers to direct or require members, underwriting agents or Lloyd’s brokers to comply with any requirements that are necessary or appropriate for the management of any legal or regulatory proceedings involving the Society or for the protection of the Lloyd’s brand and reputation;

iii. to consider and determine any application to terminate or vary any agency agreement and to exercise as relevant the powers of the Council under paragraph 5(1) of the Agency Agreements Byelaw.
b. in respect of the international regulatory affairs and risk management functions –

i. to exercise all relevant powers contained in byelaws that relate to regulatory and risk management functions including-

a. operating Lloyd’s functions regarding change of controllers and senior appointments;
b. initiating a review of a managing agent under the Underwriting Byelaw;
c. imposing conditions or requirements on an underwriting agent

c. to exercise the powers under the Miscellaneous Provisions Byelaw.

1.7 The Chief Risk Officer & General Counsel and any person appointed by the Chief Risk Officer & General Counsel in accordance with paragraph 3.1 below, shall only exercise the Chief Risk Officer & General Counsel’s powers in accordance with the Guidance for Decision Making.

2. Matters reserved to the Chief Risk Officer & General Counsel

2.1 Only the Chief Risk Officer & General Counsel shall perform the following functions and exercise the following powers –

a. to commence and settle any proceedings involving the Society;
b. to be the Money Laundering Reporting Officer for the Society of Lloyd’s and to appoint the Head of Compliance and the Data Protection Officer for the Society of Lloyd’s;
c. to perform the “directorate management functions”;

unless the Council, the Franchise Board or the Chief Executive Officer otherwise direct.

3. Acting by Members of the Chief Risk Officer & General Counsel’s Staff

3.1 Subject to paragraphs 2 and 1.7 of these terms of reference, the Chief Risk Officer & General Counsel may appoint such of the members of staff (employees of the Society or other individuals that work for the Chief Risk Officer & General Counsel by way of secondment or contract) to exercise such of the Chief Risk Officer & General Counsel’s powers, other than those powers that the Chief Risk Officer & General Counsel may from time to time reserve to the Chief Risk
Officer & General Counsel, in accordance with their Role Profiles, job
descriptions, authorities, seniority and experience.

3.2 The Chief Risk Officer & General Counsel may, from time to time, appoint in
writing other members of staff to exercise such of the Chief Risk Officer &
General Counsel’s powers as the Chief Risk Officer & General Counsel considers
appropriate in the circumstances.

4. Reporting

4.1 The Chief Risk Officer & General Counsel shall report to, and be accountable to,
the Chief Executive Officer, with regard to the performance of the Chief Risk
Officer & General Counsel’s functions and the exercise of the Chief Risk Officer
& General Counsel’s powers including all material risks to the Society
(Corporation or Market level) arising out of the exercise of the powers and/or
functions and to report any decisions, matters or risks that fall outside the risk
appetite as approved by the Franchise Board.
1. Functions and powers of the Director, International Markets.

1.1 The functions of the Director, International Markets are to perform the directorate functions set out at paragraph 1.2 below and to contribute as a member of the Chief Executive Officer’s senior management team, at all times having due regard to the risk and capital profile and associated appetites of the Society.

1.2 The Director, International Markets shall have primary operational responsibility for decisions that relate to the following -

*international development functions*

a. to formulate and oversee the execution of the strategy for the promotion and development of the Lloyd’s market in international markets;
b. to liaise as appropriate with the Lloyd’s market to identify appropriate trading and license opportunities for the Lloyd’s market in accordance with the Lloyd’s Strategic Plan and the commercial strategies of the Lloyd’s market;
c. where appropriate, to develop and implement plans to obtain any such license(s), trading arrangements and/or distribution opportunities;
d. to identify new distribution opportunities in international markets and to formulate and implement any associated plans and strategies to facilitate local distribution channels to access the Lloyd’s market more efficiently;
e. to support the Executive in the development and implementation of business development strategy for Lloyd’s particularly in respect of international markets;

*international operations functions*

f. to establish and develop Lloyd’s office and representative structures and to ensure where appropriate that the suitable structural models are used for Lloyd’s offices taking into account the regulatory, legal and commercial needs of that jurisdiction;
g. to manage the network of offices supporting Lloyd’s international markets and approve the establishment of subsidiaries of the Corporation in international markets in particular where the subsidiary will act as the legal representative of Lloyd’s underwriters in that market;
h. to oversee the production of appropriate business plans by the office network supporting Lloyd’s international markets, ensuring they are consistent with the Lloyd’s Strategic Plan;

i. to serve on the Board of Directors of overseas subsidiaries and to exercise any power or authority of Lloyd’s in respect of its overseas subsidiaries;

j. to manage, and in liaison with the Chief Risk Officer and General Counsel where appropriate, appoint or remove Lloyd’s General Representatives, Attorneys in Facts (AIF) in international markets;

k. to operate the Council’s functions and powers under the Overseas Underwriting Byelaw;

**relationship management functions**

l. to manage the overall relationship between Lloyd’s and managing agents and to act as the principal point of communications for managing agents to supplement operational contacts in respect of business specific issues;

m. to implement and operate the policy and principles set by the Franchise Board with regard to the admission and removal of participants in the Lloyd’s market including but not limited to exercising any function or power necessary to withdraw permission to act as an underwriting agent from a company which has consented to the withdrawal or where no valid objection to the proposed withdrawal has been received;

n. to exercise all functions and powers necessary to give effect to decisions (including “in principle” decisions) taken by the Franchise Board to permit a company to act as an underwriting agent and/or to manage a syndicate;

o. to grant any necessary consents and exercise any function or power necessary to authorise the transfer of an existing syndicate to an approved managing agent having, where appropriate, consulted with the Capacity Transfer Panel;

p. to act as an initial point of contact and information for potential new entrants to the Lloyd’s market;

q. to set the policy and principles, and oversee the implementation of the policy, with regard to the admission and removal of Lloyd’s Brokers;

r. to admit and remove Lloyd’s brokers from the register of Lloyd’s brokers

**directorate management functions**

s. to lead and manage the International Markets directorate to deliver a high quality and efficient service in line with Lloyd’s risk management framework and to ensure compliance with Lloyd’s compliance arrangements;

t. to manage the International Markets directorate’s budget and to authorise expenditure within authority limits;
to lead and manage the senior managers who report directly to the Director, International Markets and to ensure that their development needs are met in order to enhance performance and delivery;

to be accountable to the Chief Executive Officer for the health and safety of all staff within the International Markets directorate including but not limited to ensuring the effective communication of health and safety issues and policies across the directorate;

to attest the common seal of Lloyd’s, execute deeds, and sign documents in writing on behalf of Lloyd’s in accordance with the Constitutional Arrangements Byelaw and, where appropriate, its overseas subsidiaries;

to promote the Corporate and Social Responsibility (CSR) agenda and specifically to progress Lloyd’s CSR objective of making a positive social contribution to the countries where it is located and where it is looking to expand; and

to ensure that all outstanding internal audit issues relevant to the International Markets directorate are actioned on a timely basis.

Risk and capital

1.3 In undertaking these functions the Director, International Markets shall undertake effective, proportionate and timely actions in accordance with Lloyd’s policies and Lloyd’s risk appetite

1.4 The Director, International Markets shall ensure that the assessment and use of risk and capital in decision making are effectively embedded and used across the International Markets Directorate having particular regard to the Society’s risk management framework.

1.5 The Director, International Markets shall have all of the powers of the Chief Executive in order to fulfil the Director, International Markets’ functions other than those powers that the Chief Executive may from time to time reserve to the Chief Executive.

1.6 Without prejudice to the generality of the foregoing, and subject to the provisions below, the Director, International Markets may exercise the following powers –

in respect of the international operations functions –

i. to manage the Lloyd’s non-UK office network and approve the establishment of subsidiaries in international markets;

ii. to appoint and remove Lloyd’s General Representatives and AIFs; and

iii. to exercise the Council’s powers under the Overseas Underwriting Byelaw;
b. in respect of the directorate functions to set and have responsibility for the
execution of the Business Plan for the International Markets directorate.

1.7 The Director, International Markets and any person appointed by the Director in accordance with paragraph 3.1 below, shall only exercise the Director, International Markets’ powers in accordance with the Guidance for Decision Making.

2. **Matters reserved to the Director, International Markets**

2.1 Only the Director, International Markets shall perform the following functions and exercise the following powers -

a. to set and have responsibility for the execution of the Business Plan for the International Markets directorate;

b. to approve and remove Lloyd’s General Representatives and AIFs and to approve subsidiaries in international markets;

c. to perform the directorate management functions;

unless the Council, the Franchise Board or the Chief Executive Officer otherwise direct.

3. **Acting by Members of the Director, International Markets’ Staff**

3.1 Subject to paragraphs 2 and 1.7 of these terms of reference, the Director, International Markets may appoint such members of staff (employees of the Corporation or other individuals that work for the Director by way of secondment or contract) to exercise such of the Director’s powers, other than those powers that the Director, International Markets may from time to time reserve to himself, in accordance with their Role Profiles, job descriptions, authorities, seniority and experience.

3.2 The Director, International Markets may, from time to time, appoint in writing other members of staff to exercise such of the Director, International Markets’ powers as the Director considers appropriate in the circumstances.

4. **Reporting**

4.1 The Director, International Markets shall report to, and be accountable to, the Chief Executive Officer with regard to the performance of the Director, International Markets’ functions and the exercise of the Director, International
Markets’ powers including all material risks to the Society (Corporation or Market level) arising out of the exercise of the powers and/or functions and to report any decisions, matters or risks that fall outside the risk appetite as approved by the Franchise Board.
4.1.5 The Performance Management Director

1. Functions and powers of the Performance Management Director

1.1 The functions of the Performance Management Director are to perform the directorate functions set out at paragraph 1.2 below and to contribute as a member of the Chief Executive Officer’s senior management team, at all times having due regard to the risk and capital profile and associated appetites of the Society.

1.2 The Performance Management Director shall have primary operational responsibility for decisions that relate to the following—

*performance management functions*

a. to develop and manage a commercial and prudent underwriting environment at Lloyd’s in which the long term return to all capital providers is maximised (the Franchise Goal) in accordance with the strategy developed by the Franchise Board and to contribute to the development of that strategy;

b. to develop, implement and operate a robust and prudent business planning process for managing agents designed to foster a performance driven underwriting culture at Lloyd’s which complies with all relevant competition law requirements and requirements of relevant competition authorities;

c. to review and, where appropriate and prudent, authorise each managing agent’s business plan in respect of each syndicate under its management (including new syndicates) and thereby set the parameters within which each syndicate may underwrite having regard to the Lloyd’s market’s reputation for innovation and originality and the Risk Assessment and Management Programme;

d. to review and, where appropriate and prudent, authorise managing agent’s requests to amend, improve and revise business plans in a timely manner;

e. to monitor, assess and test each syndicate’s underwriting performance against the relevant business plan and where necessary, facilitate improvement or direct corrective action;

f. to seek to resolve disputes with managing agents regarding underwriting and business plans in a constructive, practical, prudent and timely manner;

g. to develop and propose prudent standards or guidelines for managing agents to the Franchise Board and keep their appropriateness, relevance and application under review;
h. to seek to improve the standards of service offered by managing agents to policyholders;

i. to develop, implement and operate the Market Supervision Framework in connection with the advancement and improvement of underwriting performance at Lloyd’s in accordance with the policy and principles set by the Franchise Board and in accordance with the Prudential and Solvency Requirements and the Risk Assessment and Management Programme;

j. to consider and determine applications made under the Multiple Syndicates Byelaw;

**claims function**

k. to develop appropriate plans or strategies for the handling of claims and to seek to resolve disputes with managing agents regarding claims handling in a constructive, practical and timely manner and to operate as necessary the Lloyd’s Claims Handling Scheme;

**open years management function**

l. to oversee and monitor the performance of managing agents and approved run-off companies in connection with the management of syndicates in run-off and run-off accounts and to supervise and direct their management where necessary or appropriate;

**insurance business functions**

m. to manage the Agency Department and to exercise all powers and functions necessary including in respect of the appointment and removal of Lloyd’s Agents and Sub-Agents, to operate all powers under the Insurance Certificates Byelaw, to administer the marine salvage agreement and to appoint the Controller of Agencies;

**market analysis functions**

n. to analyse syndicate and, in the near term, line of business performance in a timely manner and to prepare, collate and distribute relevant information and data to the Executive, the Franchise Board and to the rating agencies;

o. to prepare syndicate and market level analysis and to operate robust exposure management processes for use in connection with capital setting, solvency calculations, the operation of the Prudential and Solvency Requirements and for the preparation of New Central Fund projections;
p. to develop and operate appropriate loss modelling systems;
q. to provide analytical input and support to the Executive generally;
r. to monitor the performance of managing agents both in absolute terms and against industry benchmarks;

*delegated authorities functions*

s. to set the policy and principles, and oversee the implementation of the policy, with regard to delegated underwriting arrangements and to admit and remove coverholders;
t. to oversee and monitor performance of managing agents regarding their arrangements for delegating underwriting and claims functions to third parties;
u. to exercise all relevant powers and discretions relating to delegated authority arrangements (underwriting and claims) and the Intermediaries Byelaw.

*admissions functions*

u. to liaise as appropriate with the Director, International Markets in respect of applications by applicants to act as managing agents and applications by managing agents for permission to manage syndicates and to make any necessary recommendations to the Executive Team and/or the Franchise Board in respect of any such applications;

*directorate management functions*

v. to lead and manage the Performance Management directorate to deliver a high quality and efficient service in line with Lloyd’s risk management framework and to ensure compliance with Lloyd’s compliance arrangements;
w. to manage the Performance Management Directorate’s budget and to authorise expenditure within authority limits;
x. to lead and manage the senior managers who report directly to the Performance Management Director and to ensure that their development needs are met in order to enhance performance and delivery;
y. to be accountable to the Chief Executive Officer for the health and safety of all staff within the Performance Management directorate including but not limited to ensuring the effective communication of health and safety issues and policies across the directorate;
z. to attest the common seal of Lloyd’s, execute deeds, and sign documents in writing on behalf of Lloyd’s in accordance with the Constitutional Arrangements Byelaw;
aa. to exercise, upon consultation with the Chief Risk Officer & General Counsel, the powers under the Miscellaneous Provisions Byelaw (waiver and confidentiality provisions);
bb. to promote the Corporate and Social Responsibility (CSR) agenda and specifically to progress Lloyd’s CSR objective of using its position and voice to inform and encourage appropriate action on global social and environmental issues of relevance to insurance, such as climate change, whilst ensuring its internal practices support its external messages;
cc. to ensure that all outstanding internal audit issues relevant to the Performance Management directorate are actioned on a timely basis.

Risk and capital

1.3 In undertaking these functions the Performance Management Director shall undertake effective, proportionate and timely actions in accordance with Lloyd’s policies and Lloyd’s risk appetite having particular regard to the Society’s risk management framework

1.4 The Performance Management Director shall ensure that the assessment and use of risk and capital in decision making are effectively embedded and used across the Performance Management Directorate.

1.5 The Performance Management Director shall have all of the powers of the Chief Executive necessary in order to fulfil the Performance Management Director’s functions other than those powers that the Chief Executive may from time to time reserve to the Chief Executive.

1.6 The Performance Management Director and any person appointed by the Director in accordance with paragraph 3.1 below, shall only exercise the Performance Management Director’s powers in accordance with the Guidance for Decision Making.

2. Matters reserved to the Performance Management Director

2.1 The Performance Management Director shall not appoint any other person to perform the “directorate functions” or to appoint the Controller of Agencies unless the Council, the Franchise Board or the Chief Executive Officer otherwise direct.
3. **Acting by Members of the Performance Management Director’s Staff**

3.1 Subject to paragraphs 2 and 1.6 of these terms of reference the Performance Management Director may appoint such members of staff (employees of the Corporation or other individuals that work for the Director by way of secondment or contract) to exercise such of the Director’s powers, other than those powers that Performance Management Director may from time to time reserve to the Director, in accordance with their Role Profiles, job descriptions, authorities, seniority and experience provided that only the Franchise Performance Director may exercise any power under the Miscellaneous Provisions Byelaw (waiver and confidentiality provisions).

3.2 The Performance Management Director may, from time to time, appoint in writing other members of staff to exercise such of the Director’s powers as the Director considers appropriate in the circumstances.

4. **Reporting**

4.1 The Performance Management Director shall report to, and be accountable to, the Chief Executive Officer with regard to the performance of the Performance Management Director’s functions and the exercise of the Director’s powers including all material risks to the Society (Corporation or Market level) arising out of the exercise of the powers and/or functions and to report any decisions, matters or risks that fall outside the risk appetite as approved by the Franchise Board.
4.1.6 The Secretary to the Council & Franchise Board

1. Functions and powers of the Secretary to the Council & Franchise Board.

1.1 The functions of the Secretary to the Council & Franchise Board are to perform the directorate functions set out at paragraph 1.2 below and to contribute as a member of the Chief Executive Officer’s senior management team, at all times having due regard to the risk and capital profile and associated appetites of the Society.

1.2 The Secretary to the Council & Franchise Board shall have primary operational responsibility for decisions that relate to the following -

strategy and business planning functions

a. to facilitate the delivery and to develop the strategy and policy to be set by the Franchise Board and the Chief Executive including the delivery and implementation of the three year strategic and one year plans;
b. to support the production and implementation of directorate business plans aligned with the three year and one year plans;
c. to develop and undertake an annual strategic review of the three year strategic and one year plans;
d. to ensure that the Council, Franchise Board and senior management team is updated regularly on progress towards strategic targets, with proposals for the resolution of variances, issues and risks as appropriate and is provided with relevant management information;
e. to the extent considered appropriate to liaise with managing agents regarding key issues and deliverables relating to the development and communication of the three year strategic and one year plans;

secretariat functions

f. to act as the Secretary to the Council of Lloyd’s, the Franchise Board, the Executive Team and of any other Committees where specifically appointed, and to ensure compliance with any procedural policies or guidelines adopted by those bodies (including the Council Governance Policies);
g. to ensure an annual performance evaluation is carried out in respect of the Council, Franchise Board and the Principal Committees of the Council (as defined in the Council Governance Policies);
h. to undertake those functions assigned to the Secretary to the Council in the Council Governance Policies;
i. to act as a central source of contact and advice for members of Council, the Franchise Board and their Committees and to provide advice to the Corporation relating to the governance of the Society;
j. to ensure the proper, fair and orderly conduct of Council elections, the Annual General Meeting and other general meetings of the membership;
k. to undertake secretariat and other administrative functions on behalf of any subsidiaries of the Corporation;
l. to attest the common seal of Lloyd’s, execute deeds, and sign documents in writing on behalf of Lloyd’s and its subsidiaries in accordance with the Constitutional Arrangements Byelaw and to appoint other individuals to perform those functions and to approve arrangements and procedures for the use, application and attestation of the common seal of Lloyd’s (including the use of automated signing and sealing machines) and for signature of documents in writing on behalf of Lloyd’s;

*departmental functions*

m. to lead and manage Council Secretariat and the Strategy & Business Planning department to deliver a high quality and efficient service in line with Lloyd’s risk management framework and to ensure compliance with Lloyd’s compliance arrangements; and

n. to manage Council Secretariat and the Strategy & Business Planning department budget and to authorise expenditure within authority limits;
o. to lead and manage the senior managers who report directly to the Secretary to the Council and Franchise Board and to ensure that their development needs are met in order to enhance performance and delivery;
p. to be accountable to the Chief Executive Officer for the health and safety of all staff within the Strategy & Business Planning department including but not limited to ensuring the effective communication of health and safety issues and policies across the department;

*Risk oversight functions*

1.3 In undertaking these functions the Secretary to the Council & Franchise Board shall undertake effective, proportionate and timely actions in accordance with Lloyd’s policies and Lloyd’s risk appetite

1.4 The Secretary to the Council & Franchise Board shall ensure that the assessment and use of risk and capital in decision making are effectively embedded and used across the Council Secretariat and the Strategy & Business Planning department
having particular regard to the Society’s risk management framework.

1.5 The Secretary to the Council & Franchise Board shall have all of the powers of the Chief Executive in order to fulfil the Secretary’s functions other than those powers that the Chief Executive may from time to time reserve to the Chief Executive.

1.6 The Secretary to the Council & Franchise Board and any person appointed by the Secretary in accordance with paragraph 3.1 below shall only exercise the Secretary’s powers in accordance with the Guidance for Decision Making.

2. Matters reserved to the Secretary to the Council & Franchise Board

2.1 Only the Secretary to the Council & Franchise Board shall perform the following functions and exercise the following powers –

a. to act as Secretary to the Council, the Franchise Board, the Nominations Committee and the Remuneration Committee;

b. to appoint other individuals to perform the functions of attesting the common seal of Lloyd’s and signing documents in writing on behalf of Lloyd’s and to approve arrangements and procedures for the use, application and attestation of the common seal of Lloyd’s (including the use of automated signing and sealing machines) and for signature of documents in writing on behalf of Lloyd’s;

c. to perform the “departmental functions”; unless the Council, the Franchise Board or the Chief Executive Officer as appropriate otherwise direct.

3. Acting by Members of the Secretary to the Council & Franchise Board’s Staff

3.1 Subject to paragraphs 2 and 1.6 of these terms of reference, the Secretary to the Council & Franchise Board may appoint such members of staff (employees of the Corporation or other individuals that work for the Secretary to the Council & Franchise Board by way of secondment or contract) to exercise such of the Secretary’s powers, other than those powers that the Secretary to the Council & Franchise Board may from time to time reserve to the Secretary, in accordance with their Role Profiles, job descriptions, authorities, seniority and experience.

3.2 The Secretary to the Council & Franchise Board may, from time to time, appoint in writing other members of staff to exercise such of the Secretary’s powers as the
Secretary considers appropriate in the circumstances.

4. **Reporting**

4.1 The Secretary to the Council & Franchise Board shall report to, and be accountable to, the Chief Executive Officer with regard to the performance of the Secretary’s functions and the exercise of the Secretary’s powers save that the Secretary to the Council & Franchise Board shall be responsible to the Council and the Franchise Board in respect of the performance of the function of acting as Secretary to those bodies.

4.2 Without prejudice to paragraph 4.1 the Secretary to the Council & Franchise Board shall report to the Chief Executive Officer (using approved risk reporting tools) all material risks to the Society (Corporation or Market level) arising out of the exercise of the Secretary’s powers and/or functions and to report any decisions, matters or risks that fall outside the risk appetite as approved by the Franchise Board.
4.1.7 The Executive Team

1. Functions and powers of the Executive Team

1.1 The functions of the Executive Team shall be -

a. to act as a communication forum for the key issues and actions relating to the management of the franchise and of the affairs of the Corporation;
b. to ensure that key issues are identified and discussed;
c. to determine and allocate who should take responsibility for an issue or make a decision where that is otherwise unclear;
d. to act as a decision making body where it is not possible to identify an appropriate member or members of the Executive or where a collective decision is more appropriate;
e. to provide a forum for feedback once decisions have been made;
f. to ensure that all discussion papers and recommendations to the Franchise Board are subject to discussion and peer review prior to submission and to discuss and peer review, where the Executive Team believes appropriate, papers to Council;
g. to review and approve proposals from any member of the Executive in respect of any business proposal where the estimated expenditure involved in the development and implementation of that proposal exceeds such sum as specified in “committing and authorising expenditure” and to review progress on the development and implementation of the proposal; and

1.2 Without prejudice to the generality of 1.1 above the Executive Team’s areas of activity may include key issues and actions relating to -

Externally focussed issues

a. managing agents;
i. reviewing applications by applicants to act as managing agents and making any necessary recommendations to Franchise Board and discussing applications by managing agents for permission to manage syndicates;
ii. underwriting and financial performance;
iii supervisory issues;
iv. business process reform; and
v. service standards (eg. adherence to LMP etc).
b. risk based capital; capitalisation; and solvency issues;
c. regulators;
i. FCA & PRA; and
ii. overseas regulators;
d. investors, both corporate and third party;
e. rating agencies;
f. brokers;
i. relationships; and
ii. registration,
g. brand and marketing;
h. legal;
i. licence strategy;

*Internally focussed issues*

j. operations, including IT and property;
k. internal controls;
l. budget monitoring;
m. human resources;
n. internal communications;
o. compliance;
p. management of suppliers, including key service suppliers to the market e.g. XIS;
q. corporation service standards, both member and market facing.

1.3 The Executive Team shall have all of the powers of the Chief Executive in order to fulfil its functions other than those powers the Chief Executive may from time to time reserve to the Chief Executive.

1.4 The Executive Team shall comprise the Chief Executive and the Directors and such other persons as the Chief Executive may from time to time appoint.
2. **The Franchise Board Limitations**

2.1 The Executive Team shall perform all of their functions and exercise all of their powers subject to and in accordance with the Franchise Board Limitations (including the Franchise Principles) and in accordance with the strategy, policy and principles set by the Franchise Board.

3 **Meetings**

*Frequency*

3.1 The Executive Team shall meet at the discretion of the Chief Executive.

3.2 The Executive Team shall ordinarily meet fortnightly or as required by the Chief Executive. Meetings of the Executive Team will ordinarily alternate between discussion meetings and decision making meetings.

*Quorum*

3.3 The quorum of meetings of the Executive Team shall be 3 members present at least one of whom must be the CEO or a Director.

*Decisions*

3.4 Any decision taken by the Executive Team shall be made by a simple majority of the members of the Executive Team present at the meeting provided that the majority shall include the vote of the Chief Executive (where the Chief Executive is present for that matter). Where the Chief Executive is not present for that matter, no decision shall be taken by the Executive Team where the Chief Executive objects to the decision being taken in the Chief Executive’s absence.

3.5 In the event of a tie of votes the Chief Executive shall have the casting vote.
4.2 Lloyd’s risk committees

4.2.1 The Syndicate Risk Committee

1. Function and responsibilities of the Syndicate Risk Committee

1.1 The functions of the Syndicate Risk Committee shall be –

Information

a. in order to fulfil its other functions, to bring together appropriate information from across the Corporation relating to the management of key risks (including insurance risk, credit risk, operational risk, conduct risk, regulatory and legal risk, strategic risk and group risk) in respect of each managing agent, each syndicate and thematic risks which could affect the Lloyd’s market as a whole (“Key Risks”);

Oversight

b. to seek to ensure that Key Risks are being managed in a coordinated and effective way by the appropriate individuals and committees within the Corporation (including the ICA and SBF Steering Groups) in accordance with Lloyd’s policies and Lloyd’s risk appetite;

Coordination

c. to assist in the coordination and effective management of Key Risks by maintaining a list and ratings of those managing agents, syndicates and thematic issues which appear to represent the largest risk to Lloyd’s (having regard to Lloyd’s risk appetite) and which therefore require closer consideration by Lloyd’s (“High Touch managing agents”);

Challenge

d. where necessary and appropriate, to provide constructive challenge to individuals and committees within the Corporation in the management of
Key Risks;

Collective decision making

e. where the Syndicate Risk Committee is best placed to do so (where, for example, Key Risks in respect of a managing agent need to be managed across a number of directorates within the Corporation) to take decisions to address Key Risks in a coordinated and effective way; and

Escalation

f. where necessary and appropriate, to escalate key risks to the attention of the Lloyd’s Risk Committee for further consideration and action.

2. The Franchise Board Limitations

2.1 The Syndicate Risk Committee shall perform its functions subject to and in accordance with the Franchise Board Limitations (including the Performance Management and Risk Principles) and in accordance with the strategy, policy and principles set by the Franchise Board and the Executive Team.

3. Meetings

Membership

3.1 The Syndicate Risk Committee shall comprise the following –

a. Head of Legal & Compliance (Chairman)
b. Head of Risk Management
c. Head of Underwriting Performance
d. Head of Exposure Management and Reinsurance
e. Head of Market Finance
f. Head of Market Reserving and Capital
g. Head of Delegated Authorities
h. Head of Relationship Management
i. Head of Claims
j. Manager, Corporate & Compliance Team
3.2 The Chairman of the Syndicate Risk Committee (or another member of the Syndicate Risk Committee as an alternate) shall attend meetings of the Risk Committee for the purpose of presenting the Syndicate Risk Committee’s report.

*Frequency*

3.3 The Syndicate Risk Committee will meet monthly and otherwise at the discretion of the Chairman of the Syndicate Risk Committee.

*Quorum*

3.4 The quorum of the meeting shall be 6 members present.

*Minutes*

3.5 Minutes shall be maintained of the proceedings of the Syndicate Risk Committee.

*Reporting*

3.6 The Syndicate Risk Committee shall provide regular risk reports to the Risk Committee which shall include material key risks (including those that are outside the risk appetite).

3.7 The Syndicate Risk Committee shall provide regular risk updates to the PRA/FCA, which shall include any material key risks.
4.2.2 The Financial Risk Committee

1. Function and responsibilities of the Financial Risk Committee

1.1 The functions of the Financial Risk Committee shall be –

*Information*

a. to bring together appropriate information regarding financial and liquidity risks at market (aggregated) level and Corporation level (including in respect of central assets);

*Oversight*

b. to seek to ensure that the following risks are being properly and proportionately considered and assessed at both a market (aggregated) level and at Corporation level and that effective and proportionate actions are taken on a timely basis in accordance with Lloyd’s policies and Lloyd’s risk appetite –

a. investment credit risk;

b. financial markets risks; including –
   i. interest rate risk,
   ii. exchange rate risk,
   iii. equity risk,
   iv. other investment risk,
   v. concentration risk,
   vi. credit spread risk;

c. asset/liability matching risk;

d. liquidity risk, including –
   i. market liquidity risk,
   ii. funding liquidity risk,
Co-ordination

c. to assist in the co-ordination and effective management of the above risks and to liaise as appropriate with the other sub-committees of the Risk Committee (in which respect whereas the Financial Risk Committee has primary responsibility for the above risks at market (aggregated) level, the oversight and assurance that those risks are then managed at syndicate or underwriting agent level is a matter for the Syndicate Risk Committee. Accordingly, the Financial Risk Committee shall ensure it liaises with the Syndicate Risk Committee as appropriate regarding these risks);

Challenge

d. to receive and constructively challenge reports that shall contain relevant and appropriate risk and capital management information from relevant Corporation Departments in respect of financial, liquidity and credit risk at market (aggregated) level and at Corporation level;

Escalation

e. where necessary and appropriate, to escalate key issues and material risks (especially at aggregated market level) to the Risk Committee for further consideration and action.

2. The Franchise Board Limitations

2.1 The Financial Risk Committee shall perform its functions subject to and in accordance with the Franchise Board Limitations (including the Performance Management and Risk Principles) and in accordance with the strategy, policy and principles set by the Franchise Board and the Risk Committee.

3. Meetings

Membership

3.1 The Financial Risk Committee shall comprise the following (and where appropriate alternates may attend) –
a. Head of Financial Control (Chairman)
b. Head of Market Finance
c. Head of Market Reserving and Capital
d. Head of Risk Management
e. Treasurer

3.2 The Chairman of the Financial Risk Committee (or another member of the Financial Risk Committee as an alternate) shall attend meetings of the Risk Committee for the purpose of presenting the Financial Risk Committee’s report.

Frequency

3.3 The Financial Risk Committee will meet monthly initially or subject to the discretion of the Chairman. The future frequency of meetings will be reviewed and agreed by the committee.

Quorum

3.4 The quorum of the meeting shall be 3 members present.

Minutes

3.5 Minutes shall be maintained of the proceedings of the Financial Risk Committee.

Reporting

3.6 The Financial Risk Committee shall provide regular risk reports to the Risk Committee which shall include any key or material risks (including those that are outside the risk appetite).
4.2.3 The Corporation Risk Committee

1. Functions and responsibilities of the Corporation Risk Committee

1.1 The function of the Corporation Risk Committee shall be to assist and be accountable to the Risk Committee in providing appropriate and proportionate assurance that all material risks associated with operations at the Corporation level (where the Corporation shall include overseas offices and subsidiary companies) are identified and managed in accordance with approved policy and risk appetites as established from time to time by the Franchise Board.

1.2 In discharging its function the Corporation Risk Committee shall have primary responsibility for providing assurance that the following risks are being properly and proportionately considered at Corporation level (operational issues at syndicate and market level are considered by the Syndicate Risk Committee) –

a. operational risk, including –
   i. human resources risk,
   ii. systems and information risk,
   iii. business disruption risk,
   iv. processes risk (which shall include business processes maintained or operated by the Corporation or such outsourced process functions which the Corporation manages);
   v. market modernisation
b. regulatory and legal risk, including financial crime risk and other legal and regulatory compliance risk;
c. conduct risk (so far as it relates to members of the Society)
d. all of the above risks in respect of the International Offices.

1.3 The Corporation Risk Committee shall –

a. receive, review and challenge reports which shall contain relevant and appropriate risk and capital management information from relevant Corporation Departments and Committees in respect of risk management at Corporation level;
b. provide oversight that risks are properly assessed and that effective and
proportionate actions are taken on a timely basis;
c. liaise as appropriate with the other sub-committees of the Risk Committee;
d. escalate as appropriate key issues and material risks to the Risk Committee;
e. make any recommendations it thinks fit relating to risk appetite;
f. annually review the effectiveness of the risk management processes in as far as they relate to the management of risk at Corporation level;
g. utilise stress and scenario analysis to fully understand risk and capital implications prior to decision making;
h. feed relevant ORSA sections on operational, regulatory, legal and group risks; and
i. approve, monitor and review the operational risk management framework.

2. The Franchise Board Limitations

2.1 The Corporation Risk Committee shall perform its functions subject to and in accordance with the Franchise Board Limitations (including the Performance Management and Risk Principles) and in accordance with the strategy, policy and principles set by the Franchise Board and the Executive Team.

3. Meetings

Membership

3.1 The Corporation Risk Committee shall comprise the following (and where appropriate alternates may attend) –

a. Head of Risk Management (Chairman)
b. Head of Financial Control
c. Representative from Legal & Compliance

Additional attendees (as required):

a. Head of Internal Audit
b. and other members of the Corporation as required

3.2 The Chairman of the Corporation Risk Committee (or another member of the Corporation Risk Committee as an alternate) shall attend meetings of the Risk
Committee for the purpose of presenting the Corporation Risk Committee’s report in order to be critically challenged regarding those reports.

**Frequency**

3.3 The Corporation Risk Committee will initially meet bi-monthly, or otherwise at the discretion of the Chairman of the Corporation Risk Committee.

**Quorum**

3.4 The quorum of the meeting shall be 3 members present.

**Minutes**

3.5 Minutes shall be maintained of the proceedings of the Corporation Risk Committee.

**Reporting**

3.6 The Corporation Risk Committee shall provide regular risk reports to the Risk Committee which shall include any key or material risks (including those that are outside the risk appetite).