GMS00-01 Leadership Framework

Contents

1 Purpose and Scope 2
2 Corporate Structure 2
3 Governance 3
3.1 The Executive Leadership Team (ELT) 3
3.2 Business Streams and Support Services 3
4 Strategy, Business Planning and Monitoring 5
5 Strategy Deployment 6
6 Performance Management 6
7 Management Reviews 6
8 Committees 6
8.1 Ethics and Compliance Committee (E&CC) 6
8.2 Information Security Steering Board (ISSB) 7
9 Change Management 7
10 Registered Office 7

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GMS00-01 Leadership Framework

1 Purpose and Scope

1.1 This document describes the organisation that Lloyds Register employs to:

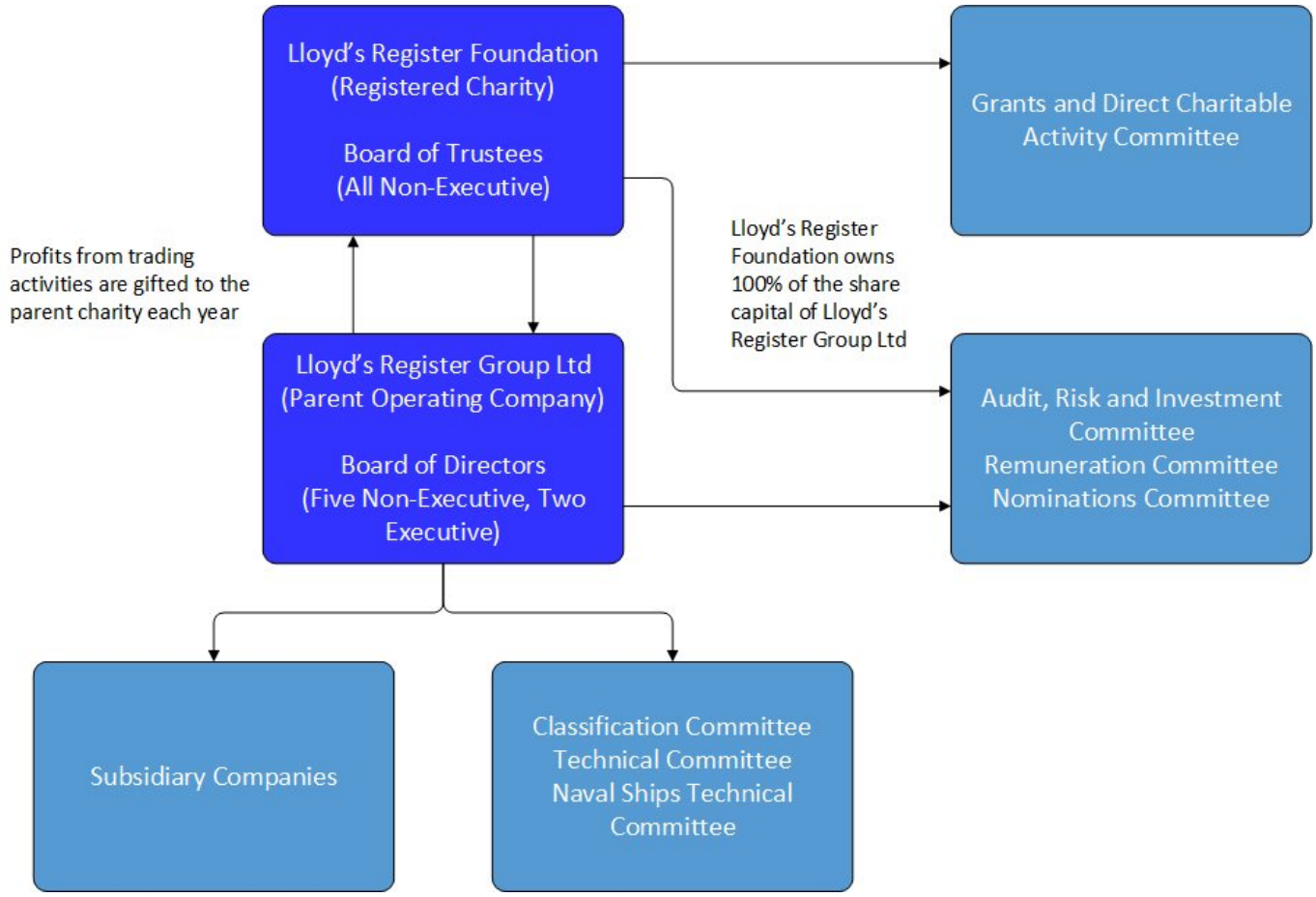
- define and communicate strategy;
- measure, report and monitor operational performance;
- manage the portfolio of business improvement programmes, and
- govern the business for the benefit of stakeholders.

1.2 Arrangements for the governance of the Lloyds Register Foundation, the Lloyds Register Group Board and the Audit Committees are not covered by this document.

1.3 Support and guidance on the application of these processes can be obtained from the Quality, Health, Safety and Environment (QHSE) team.

2 Corporate Structure

The figure below shows the relationship between the Lloyd's Register Foundation and Lloyd's Register Group Ltd.



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3 Governance

3.1 The Executive Leadership Team (ELT)

3.1.1 The ELT are:

- Chief Executive Officer
- Business Director - Maritime Performance Services
- Business Services Director
- Chief Technology Officer
- Business Director - Marine & Offshore
- Chief Financial Officer
- Chief Marketing Officer
- HR Director

3.1.2 The ELT is responsible for:

- defining and deploying strategic objectives to the business streams and support services;
- setting targets and KPIs for the objectives, and
- reviewing progress against objectives.

3.2 Business Streams and Support Services

3.2.1 Within their areas of responsibility, all Business Stream Directors and Support Service Directors are accountable for:

- ensuring that all colleagues are competent to perform their assigned tasks;
- ensuring that sufficient competent colleagues and equipment are available to meet workloads, and to maintain and improve the BMS;
- ensuring that responsibilities and authorities for roles are assigned, communicated and understood, and
- ensuring that succession plans are in place.
- developing the culture, brand and values;
- the safe delivery of services, on time, within budget and at the required level of quality;
- ensuring the promotion of customer focus, and on enhancing customer satisfaction;
- developing strategy and budget and ensuring cross-stream accounts are managed effectively;
- the provision of safe and healthy workplaces and activities, and the prevention of injuries and ill-health;
- protecting workers from reprisals when reporting incidents, hazards, risks and opportunities;
- supporting health and safety committees;
- ensuring the credibility and reputation of LR is maintained;
- assessing risks and applying relevant procedures during the appointment of agents, and for the ongoing monitoring of those agents;
- establishing policies and objectives that are compatible with the context and strategic direction of LR, and for monitoring performance against them;
- ensuring that customer and applicable statutory and regulatory requirements are determined, understood and consistently met;

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- identifying, addressing and monitoring risks and opportunities, particularly those related to conformity of products and services and to the ability to enhance customer satisfaction;
- implementing and coordinating change projects, ensuring that the integrity of the BMS is maintained;
- ensuring that the BMS conforms to the requirements of GMS00-03 LR Standards;
- ensuring that processes are delivering their intended outputs;
- reporting on the performance of the BMS and on opportunities for improvement;
- ensuring the integration of BMS requirements into organisational processes;
- promoting improvement, the use of the process approach and risk-based thinking, and
- communicating the importance of effective management and of conforming to BMS requirements.

3.2.2 In addition, Business Stream Directors are accountable for:

- the profit and loss of their business;
- managing client relationships;
- developing new products and services, and
- financial results and KPIs.

3.2.3 In addition, the Quality, Health, Safety and Environment Director is accountable for:

- defining, implementing and maintaining methods and controls for:
- hazard identification and risk assessment;
- identification and compliance evaluation of legal and other requirements;
- development of emergency preparedness and response plans;
- determination of OH&S controls, and
- incident response and investigation.
- developing, testing and maintaining the business continuity strategy, business continuity plans and incident response plans, and
- implementing processes for participation of workers on OH&S matters.

3.2.4 With regard to suspected and reported fraud:

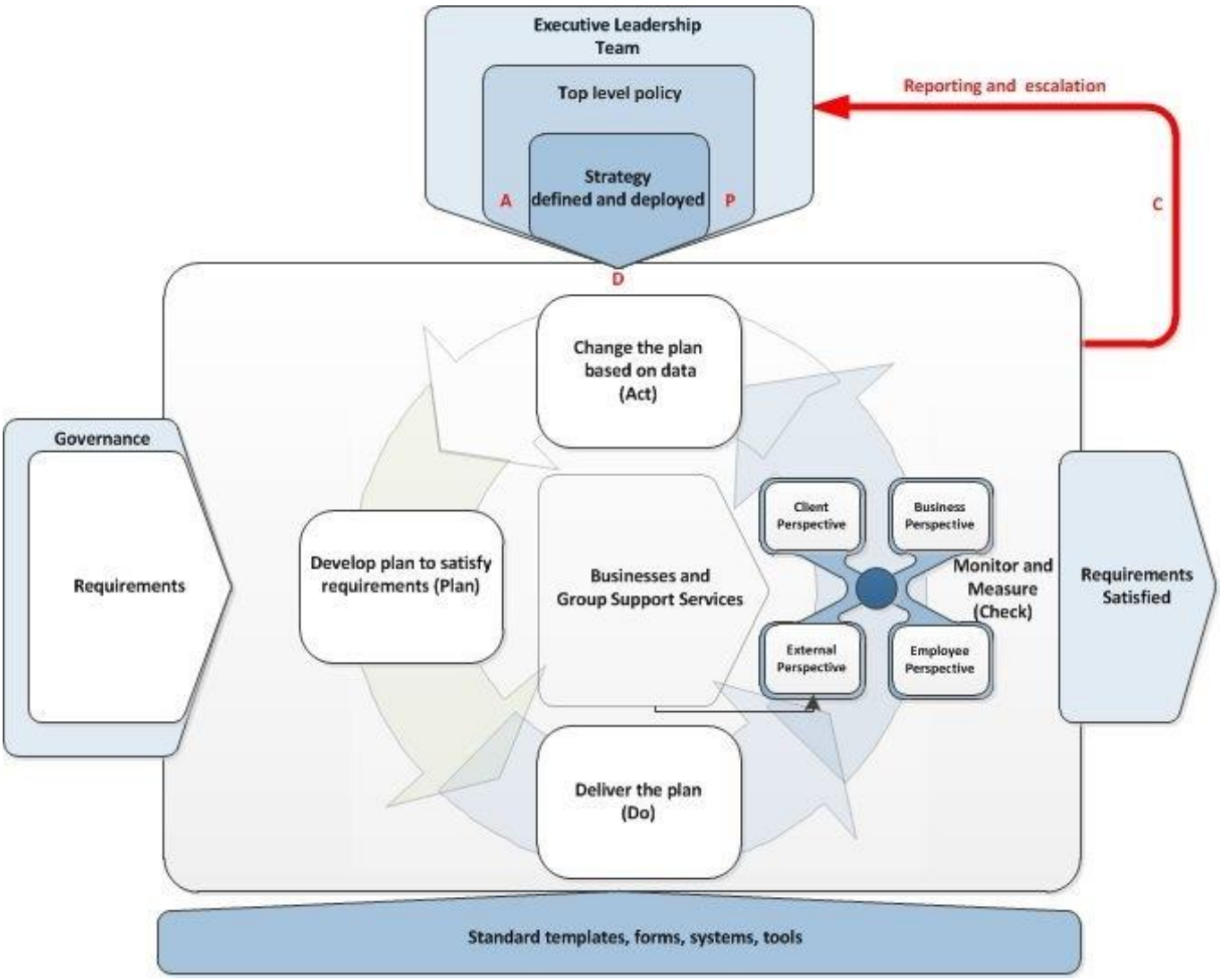
- The Group Corporate Secretary is responsible for ensuring that:
  - all fraud cases are reported as soon as possible to BDO Partner/Risk and Advisory Services and to LRs insurers;
  - senior management are made aware and consulted, as appropriate, and
  - HR and Legal teams are consulted where it may be necessary to suspend or take action against an employee or supplier.
- The Finance Director for each business and region is responsible for ensuring that:
  - a suitable risk assessment is developed for all business activities to identify fraud risks;
  - suitable and sufficient controls to prevent fraud are developed as far as possible;
  - measures identified in the risk assessment are implemented and maintained, and
  - all fraud cases are also reported as soon as possible to the Group Corporate Secretary.

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4 Strategy, Business Planning and Monitoring

4.1 LR's strategy, business planning and monitoring processes are informed by the Closed Loop Management Model, and reflect the chronology of that model to achieve effective oversight in a consistent and managed way.

4.2 The figure below illustrates the key components of the model. It incorporates stages to be addressed on a consistent basis to ensure that each year's plan is informed by lessons learned and key data derived from the previous year's operational performance.



4.3 The ELT sets, reviews and communicates organisational strategy through a series of regular reviews and strategic leadership events. Activities include:

- defining organisational aims based on an assessment of current organisational capability and external opportunities;
- developing strategy, and
- developing plans to deliver strategy.

4.4 Defining organisational aims is the accountability of the Chief Executive Officer. The remaining activities are undertaken by the Business Stream Directors and the Group Strategy and Corporate Development Director.

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4.5 Monitoring of performance and strategy execution, plus improvement takes place via business level management reviews, and quarterly business reviews with the ELT and business leadership.

4.6 A number of meetings take place on a regular basis relating to the monitoring of the delivery of the business plan. These are included on the corporate calendar. Consideration may be given over time to formalising the procedures around these meetings.

5 Strategy Deployment

5.1 Business Streams and Support Services develop plans to achieve strategic objectives.

5.2 The status of progress against the plans is reported by the Business Streams and Support Services to the ELT on a regular basis in accordance with the corporate calendar.

6 Performance Management

6.1 Performance data is reported by the Business Streams and Support Services for both financial and non-financial performance information.

6.2 The performance data is reviewed for decisions and actions through the Leadership Framework which covers the following aspects:

- Strategy and business planning.
- Performance management and business coordination.
- Change management.
- Business improvement.
- Governance and stewardship.

6.3 The Leadership Framework committees are scheduled in accordance with the corporate calendar.

7 Management Reviews

7.1 Management reviews are conducted at various levels and, if necessary, issues are escalated from Business Stream and Support Service level to ELT level.

7.2 The reviews are carried out in accordance with GMS03-10-11 Management Review (MR).

8 Committees

A number of committees have been put in place to provide oversight and guidance to the business on key strategic matters.

8.1 Ethics and Compliance Committee (E&CC)

- Chair: Group General Counsel and Corporate Secretary
- Terms of Reference: GMS03-10-115 Ethics and Compliance Committee (E&CC)

8.1.1 The purpose of the Ethics & Compliance Committee (E&CC) is to help ensure the ethical health of the Lloyd's Register (LR) through supporting policies and practices consistent with industry best practice in all the territories in which LR operates.

8.1.2 The E&CC also supports the Lloyd's Register brand and safeguards and upholds the principles of the Lloyd's Register Foundation (LRF).

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8.2 Information Security Steering Board (ISSB)

- Chair: Group Security Architect or Information Security Manager
- Terms of Reference: BMS4-727 Information Security Steering Board (ISSB) ToR

8.2.1 The purpose of the ISSB is to:

- Ensure appropriate measures for the effective management of information security risk are developed, endorsed, implemented and monitored.
- Ensure the security measures are aligned, to the ISO 27001:2013 standard for information security management systems (ISMS).
- Ensure information security is aligned to business and legal needs and does not unduly impact business processes or expose the business to an unacceptable level of risk.
- Ensure that the resources necessary for the information security management system are defined and allocated to maintain its effectiveness.
- Ensure and support the business in understanding and complying with the security measures.

9 Change Management

9.1 See the Group Programmes Governance Structure for committees related to change management.

10 Registered Office

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