LLOYDS REGISTER SUPERANNUATION FUND ASSOCIATION (LRSFA)

Report and Financial Statements for the year ended 31 March 2023

Scheme Registration No: 100145126

XPS Administration

Priory Place, New London Road, Chelmsford CM2 0PP

XPS Administration is a trading name of XPS Administration Limited
Registered No. 9428346. Registered Office: Phoenix House, 1 Station Hill, Reading RG1 1NB

Part of XPS Pensions Group

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TRUSTEE AND ADVISERS

Trustee:	Lloyd's Register Superannuation Trustees Limited 71 Fenchurch Street London EC3M 4BS
Trustee Directors:	***Chairman*** Mr N Godden ***Nominated by Lloyd's Register Group Ltd*** Mr J Kleinot Mr J Turner Mr D Wagstaff Mrs D Warrener (Appointed 1 September 2022 and resigned 30 June 2023) Mrs J Austin (Appointed 1 August 2023) ***Member Nominated Trustee Directors*** Mr D Cronin Mr M Johnson (Appointed 4 May 2022) Mrs R Willson
Secretary to the Trustee:	Mrs E Thomas 71 Fenchurch Street London EC3M 4BS
Actuary:	Mr David Jones Lane Clark & Peacock LLP
Auditor:	Crowe U.K. LLP
Legal Advisers:	Hogan Lovells International LLP
Investment Advisers:	ISIO – For both the DB and DC sections
Bankers:	National Westminster Bank PLC Barclays Bank plc
Investment Managers:	***Defined Benefit Section:*** Abrdn Life and Pensions Limited Alcentra Apollo Investment Management (Until January 2023) Legal and General Investment Management Ltd Partners Group Schroders ***Defined Contribution Section:*** Standard Life
Custodians:	BNY Mellon

TRUSTEE AND ADVISERS (continued)

Administrators:	***Defined Benefit Section:*** XPS Administration Limited	
	Defined Contribution Section: Standard Life	
Sponsoring Employer:	Lloyd's Register Group Ltd 71 Fenchurch Street London EC3M 4BS	
Participating Employer:	OneOcean Group Limited	(From 28 June 2023)

TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2023

The Trustee of the Fund

Lloyd's Register Superannuation Trustees Limited is a company whose sole function is to act as Trustee of the Fund. The Directors of the company act as Trustee of the Fund. All enquiries regarding the Fund should be addressed to the Secretary at the address of the Trustee shown on page 2.

Trustee Directors are appointed in accordance with Article 71 of the Articles of Association of the Company and are removed or may resign in accordance with Article 74. Trustees nominated by Lloyd's Register Group Ltd may be removed or replaced by Lloyd's Register Group Ltd. Member Nominated Trustees are subject to election by the members at an appropriate time determined by the Trustee. They are elected to serve for a period of three years and retire annually in rotation.

The Trustee shall have the power to remove any Trustee Directors from office (by whoever they were appointed, either the members or the employer). The same powers will apply to appoint a replacement Trustee Director who ceases to be a Trustee Director for any reason. The Trustee Directors during the year are disclosed on page 2.

There were four Trustee Board meetings held throughout the year as scheduled. Each Trustee Director has one vote, and a decision may be carried by a simple majority. In the event of a tie, the Chairman will have the casting vote. The Trustee Board has delegated some of its responsibility to sub committees. The Operational and Investment sub committees convened four times in the year. The Discretions subcommittee met on an adhoc basis.

The Annual General Meeting (AGM) was rescheduled a number of times due to the ongoing COVID-19 pandemic meaning that an election in accordance with Rule D24 could not take place.

On 4 May 2022 an AGM took place and Michael Johnson was appointed as Member Nominated Trustee, Mrs D Warrener was appointed on 1 September 2022 as an Employer Nominated Trustee until 30 June 2023. Post year end the last AGM took place on 31 May 2023. The Trustee decided to defer the MNT election which was due to take place at the 31 May 2023 Annual General Meeting. Instead a new MNT process will be run in Autumn 2023 in accordance with its revised MNT arrangements. Ms J Austin was appointed as an Employer Nominated Trustee from 1 August 2023.

Membership of the Fund

Changes in membership of the Fund over the year were as follows:

	Active*	**Deferred****	**Pensioner**	**Dependent**	**Total**
As at 1 April 2022	**934**	**4,148**	**1,719**	**490**	**7,291**
Prior Year Adjustments	-	27	15	(8)	34
Revised as at 1 April 2022	**934**	**4,175**	**1,734**	**482**	**7,325**
New Joiners	241	75	-	-	316
Leavers	(231)	231	-	-	-
Full commutations	-	(2)			(2)
Transfers Out/Refunds	(16)	(110)	-	-	(126)
Deaths	-	(4)	(64)	(35)	(103)
New Pensioners/Retirements	(4)	(98)	70	20	(12)
Recommencements/Adjustments***	(5)	(1)	-	-	(6)
Net Movements	**(15)**	**91**	**6**	**(15)**	**67**
31 March 2023	**919**	**4,266**	**1,740**	**467**	**7,392**

In addition, there were 8 child's pensions, 7 individuals, as one is being paid two pensions, in respect of both the mother and the father, as both were members (2022: 2).

* Members in service includes 106 (2022: 118) members who have protected past service rights under the Fund following the closure of the DB Section in 2010.

** Deferred members include 1,862 (2022: 2,204) members who have protected past service rights under the Fund following the closure of the DB Section in 2010.

*** DC section members moved between active and deferreds.

TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Eligibility

Employees joining the sponsoring employer after 1 April 2003 are eligible to join the Defined Contribution Section of the Lloyd's Register Superannuation Fund Association.

Following the closure of the Defined Benefit Section to future accrual on 30 September 2010 the option to join the Defined Benefit Section after eight years of membership of the Fund ceased.

Pension Reviews

Pensions in payment that contained an element deriving from Post 6 April 1997 service was increased by 5.0% from 1 April 2023 (2022: 4.9%). Guaranteed Minimum Pension (GMP) earned after 1988 increased in line with inflation up to a maximum of 3%. GMP relates to service accrued from April 1978 to April 1997, when the contracting out arrangements were changed and GMP ceased to apply, contracting out ceased on 6 April 2016. There was no discretionary increase awarded from 1 April 2023 for Pre-6 April 1997 service elements in excess of GMP (2022: 1%).

Additional Voluntary Contributions (AVCs)

Contributions into Standard Life and Aviva AVCs policies were closed to new members on 1st September 2018. Members who were contributing on 31 August 2018 were able to continue to contribute into their Standard Life policy. Members wishing to pay above the regular contribution rates were able to pay additional contributions into their Standard Life Defined Contribution Policy in line with their main investment options. The historic policies with Standard Life and Utmost Life with-profits fund were closed to new members. In August 2022 all Utmost Life AVCs were transferred over to Standard Life DC section and all bar 3 members transferred their Standard Life AVC into the Standard Life DC section.

Transfers to and from the Fund

The Rules permit the acceptance of transfer payments from, and the payment of transfer values to, other registered pension arrangements. However, the Trustee is not obliged to accept transfers into the Fund.

The calculation of transfer values and the additional benefits that a transfer payment will provide are based on factors supplied by the Actuary. Cash equivalent and guaranteed cash equivalent transfer values (within the meaning of Chapter IV of Part IV of the Pension Schemes Act 1993) paid during the year were calculated and verified in the manner prescribed by regulations made under Section 97 or Section 101 of that Act. No discretionary benefits are included.

Since 23 September 2004 transfers received from other registered pension arrangements have been invested in the Defined Contribution Section. Service Credits are no longer provided.

Until 30 September 2010 the accrued AVC funds of retiring members who wished to purchase additional pension in the Fund could be transferred to the Lloyd's Register Superannuation Fund Association (LRSFA) by Utmost Life (formerly Equitable Life) and Standard Life on the member's retirement. The amount of additional pension so purchased was determined using factors supplied by the Actuary. After 30 September 2010 AVC and DC funds can be used as part of any lump sum taken or alternatively to purchase a product on the open market. Any excess funds remaining within the Fund must be used to purchase an annuity.

Transfer values applicable to DB benefits fully reflect the value of the member's accrued benefit rights. They no longer take into account discretionary pension increases which might be payable in the future.

The current transfer value basis makes an allowance for a lump sum payment up to £5,000 on a member's death.

In certain circumstances the Fund will accept payments from Lloyd's Register Group Ltd to augment the pension benefits of members. The additional benefits are determined using factors supplied by the Actuary.

TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Benefit/Fund Changes

There were no changes to benefits under the Fund during the year.

Custodial arrangements

The Fund's assets are held by BNY Mellon. The custodian is responsible for the safe keeping of share certificates and other documents relating to the ownership of listed investments.

The Trustee is responsible for ensuring that the Fund's assets continue to be held securely. They review the custodian arrangements from time to time and the Fund's auditor is authorised to make whatever investigations deemed necessary as part of the annual audit procedures.

Pensions Scheme Act 1993

The Act sets out requirements for disclosure of information to members past, present and prospective, their spouses and beneficiaries and recognised trade unions, and provides for an Annual Report to be issued.

The Rules of the Fund are held in the Group Pensions Department, London and are available for inspection. A Guide to the Rules of the Fund has also been issued to every member on joining.

Taxation Status

The Fund is registered under Chapter 2 of Part 4 of Finance Act 2004. The Defined Benefit Section of the Fund was contracted out of the State Second Pension (S2P) until that Section of the Fund closed to future accrual on 30 September 2010. The Trustee knows of no reason why this status may be prejudiced or withdrawn.

Going concern

The Trustee of the Fund have made an assessment on going concern and given the funding position and the support from the Sponsoring Employer, the Trustee concludes that the Fund retains sufficient liquidity that the going concern basis remains appropriate for the foreseeable future and at the very least for the next twelve months.

Financial Development of the Fund

Changes in the Fund's net assets during the year were as follows:

	£'000s
Net assets at 31 March 2022	1,316,210
Net withdrawals from dealings with members	(39,491)
Net returns on investments	(268,392)
Net assets at 31 March 2023	1,008,327

The financial statements for the year have been prepared and audited in accordance with Sections 41(1) and (6) of the Pensions Act 1995.

Enquiries

All enquiries about the Fund and individual benefit entitlements should be addressed to the Fund Trustee:

c/o XPS Administration Limited
PO Box 562
Middlesbrough TS1 9JA

Email: lrsfa@xpsgroup.com

TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

MoneyHelper

MoneyHelper provides pension guidance, money guidance and debt advice. These services were previously provided by three separate government entities: The Pensions Advisory Service (TPAS), Pension Wise and the Money Advice Service. MoneyHelper can be contacted at:

MoneyHelper
Holborn Centre
120 Holborn
London EC1N 2TD

Tel: 0800 011 3797
Email: pensions.enquiries@moneyhelper.org.uk
Website: www.moneyhelper.org.uk

Pensions Ombudsman

If a member has a complaint against the Fund that has not been resolved to his or her satisfaction through the Fund's Dispute Procedure, the government appointed Pensions Ombudsman can investigate complaints of injustice caused by bad administration, either by the Trustee or Fund administrators, or disputes of fact or law. The Pensions Ombudsman can be contacted at:

10 South Colonnade
Canary Wharf
London E14 4PU

Tel: 0800 917 4487
Email: enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

The Pensions Regulator (tPR)

The Pensions Regulator can intervene if they consider that a scheme's trustees, advisers, or the employer are not carrying out their duties correctly. The address for the Pensions Regulator is:

Telecom House
125-135 Preston Road
Brighton BN1 6AF

Tel: 0345 600 0707
Email: customersupport@tpr.gov.uk
Website: www.thepensionsregulator.gov.uk

The Pension Scheme Registry

The Fund is registered with the Pension Scheme Registry which is part of the Pensions Regulator's office. The registration number is 100145126. The data held by the Registry is used by the Pension Tracing Service to assist former members of schemes to trace their scheme benefits. The Pension Tracing Service can be contacted at:

Pension Tracing Service
The Pension Service 9
Mail Handling Site A
Wolverhampton WV98 1AF

Tel: 0800 731 0193
Website: www.gov.uk/find-lost-pension

INVESTMENT REPORT

General overview

It will be appreciated that although investments are shown in this report at their year-end market value, their value will change from time to time as market conditions alter. The financial well-being of the Fund depends not so much on the current market value of the assets but on the income derived from those assets and whether those assets are likely to be sufficient to meet the Fund's liabilities.

All investment business is conducted in accordance with the Statement of Investment Principles (SIP) prepared in accordance with Section 35 of the Pensions Act 1995 which includes the Trustee's investment policy on social, environmental and ethical investment considerations. The Trustee agreed that funds must be invested to obtain the best possible return for members, subject to an appropriate level of risk. Trustee policy regarding social, environmental and ethical investment issues is therefore that the extent to which these issues are taken into account in investment decisions is left to the discretion of the active investment managers. The Trustee does not consider it appropriate for the passive investment manager to take account of such issues in the selection, retention and realisation of investments.

The Trustee encourages the Fund's investment managers to discharge their responsibilities in respect of investee companies in accordance with the Stewardship Code published by the Financial Reporting Council. The Trustee will review the corporate governance policies of the Fund's investment managers periodically.

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers. The Trustee has reviewed and has accepted the investment manager's policies in respect of the exercising of rights attaching to investments and periodically reviews the actions taken by the investment managers in this regard to ensure that it continues to be comfortable with them.

A copy of the Statement of Investment Principles can be found here:
https://www.lrpensionport.co.uk/activedeferred/documents/.

The Investment Sub Committee (IC) is made up of members of the Board of the Trustee. There is a minimum of three Board members on the Investment Sub Committee, with at least two being employer nominated. They are appointed by the Trustee. Investment performance is measured through participation in the service operated by BNY Mellon.

There were no employer related investments within the meaning of Section 40(2) of the Pensions Act 1995.

There is a requirement for most trust-based defined benefit (DB) and defined contribution (DC) pension schemes to produce an annual Implementation Statement which covers the Fund year. The Implementation Statement sets out how, and the extent to which, the Trustee has followed its Statement of Investment Principles (SIP) during the year and the policies set out in the SIP, as well as details of any review of the SIP and an explanation of any changes made to the SIP during the year. The Implementation Statement, covering the period 1 April 2022 to 31 March 2023, is enclosed within this Annual Report in the Appendix on pages 44 to 66.

In October 2022, the Lloyds Register Superannuation Fund Association (LRSFA) was captured by the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021. The Regulations introduce climate-related disclosure requirements for pension schemes, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). The TCFD recommended pillars for disclosure include climate-related provisions in the Governance arrangements, Strategy, Risk management, and Metrics and targets. For more information, see the LRSFA TCFD report for year ending 31 March 2023 (to be published no later than 31 October 2023). Please visit: https://www.lrpensionport.co.uk/activedeferred/documents/.

In January 2023 the Trustee issued a communication to provide support for members to review their DC investments in light of the rise in the cost of living and volatility in investment markets.

INVESTMENT REPORT (continued)

Investment managers

As at 31 March 2023 the investments of the Defined Benefit Section were managed as follows:

Manager	Investments Managed	31/03/2023 Actual % of total portfolio managed	31/03/2023 Expected % range of asset portfolio	31/03/2022 Actual % of total portfolio managed	31/03/2022 Expected % range of asset portfolio
Alcentra	Direct Lending	4.9	n/a	4.4	n/a
Partners Group	Direct Lending	11.6		9.3	
L&G	Buy & Maintain Credit	33.9	26-34	28.5	26-34
Apollo	Semi-Liquid Credit	0.0	0.0	7.5	8-12
Schroders	Liability Driven Investments	49.6	50-67	50.3	29-37

Actual percentage of portfolio reflects only the assets held by the above managers but excludes any money in the Trustee bank account and AVCs. May not sum due to rounding. As the Direct Lending investments pay out, the allocation to Liability Driven Investment with Schroders will move closer in line with the target rate. The Statement of Investment Principles containing a new strategic asset allocation was signed in March 2023.

Transitions to the new strategy (outlined in the SIP signed in March 2023) were agreed to by the Trustee in Q1 2023 so the actual strategy is in line with the SIP signed in March 2023.

INVESTMENT REPORT (continued)

Performance – Defined Benefit Section

The investment managers have specific performance benchmarks. The Fund's performance against these benchmarks for the year ended 31 March 2023 was:

Manager	**Benchmark Return %**	**LRSFA Return %**	**Difference %**
Fixed Income Managers			
L&G – Buy & Maintain Credit	-15.1%	-15.5%	-0.4%
Alternative Managers			
Alcentra – Direct Lending	2.5%	-1.0%	-3.4%
Apollo – Semi-Liquid Credit*	1.6%	-2.4%	-4.0%
Partners Group – Direct Lending 2015	2.5%	-4.7%	-7.1%
Partners Group – Direct Lending 2018	2.5%	2.0%	-0.5%
Schroders – Liability Driven Investments	-37.7%	-37.7%	0.0%

Benchmarks are manager specific except for Alcentra and Partners Group which are compared against 3 month SONIA. Excludes Bluecrest, Schroders Cash Fund and the Trustee bank account.

*Apollo's performance to December 2022 when the Fund fully disinvested.

The assets of LRSFA's Defined Benefit section showed negative performance over the year as the Liability Driven Investments and Buy & Maintain Credit reflected gilt yield movements over the period. However, the Fund has outperformed its benchmark over both 3 year and 5 year periods.

Aggregate Performance over	1 year %	3 years %	5 years %
Fund	-23.5	-6.1	-1.2
Benchmark	-22.5	-7.8	-2.4

This table details the aggregate performance of the Fund against benchmark over 1, 3 and 5 years. These are annualised rates of return.

Market volatility

Over the course of the Scheme year there have been a number of national and global events which has caused significant volatility in the financial markets, for example the ongoing war in Ukraine and the impact of the UK Governments mini budget in September 2022. These events have seen unprecedented changes to financial markets and the yields available on UK gilts. This has had a material impact on the Fund's liabilities and assets reducing both materially. Due to the structure of the Fund's strategy, the liabilities have fallen by more than the assets and the surplus has improved at the year ended 31 March 2023.

As well as this the UK has experienced levels of inflation not seen for many decades. This has been driven by a number of drivers, most notably the cost of wholesale gas due to the ongoing war in Ukraine and the control that Russia has over these supplies.

INVESTMENT REPORT (continued)

Performance – Defined Contribution Section

The Defined Contribution Section is administered by Standard Life. Members currently have a choice of investment funds from the Standard Life portfolio or may choose a Lifestyle Option.

The value of DC assets for members in this section held within these funds and fund performance for the year end 31 March 2023 is as follows:

Fund Name	Current Value (£)	Allocation (%)	Performance Benchmark (%)
Default and self-select range			
LR Adventurous Fund	148,987,467	66.8	-4.1 (1.5)
LR Diversified Growth Fund	36,584,820	16.4	-9.3 (4.9)
LR Fixed Income Fund	3,206,076	1.4	-24.5 (-25.1)
LR SL BlackRock Cash Pension Fund	4,163,120	1.9	2.2 (1.9)
LR SL iShares Index Linked Gilt Index Pension Fund	7,568,320	3.4	-29.7 (-30.4)
LR Global Equity Fund	6,358,097	2.9	-1.3 (0.0)
LR Emerging Markets Equity Fund	521,051	0.2	-4.8 (-4.3)
LR Sustainable Investments	3,253,930	1.5	-6.1 (-5.8)
LR SL iShares UK Equity Index Pension Fund	1,407,939	0.6	1.7 (2.9)
LR Property Fund	416,197	0.2	-16.9 (-12.8)
LR Moderate Fund	348,954	0.2	-12.7 (-9.2)
LR SL iShares Over 15 Year Gilt Index Pension Fund	138,020	0.1	-30.1 (-29.7)
LR SL Long Corporate Bond Pension Fund	107,408	0.0	-19.6 (-19.9)
Total default and self-select range			
Pre-2015 lifestyle strategies*	9,830,315	4.4	
Trustee Unallocated Funds **			
LR Global Equity Active Fund		0.0	
LR SL BlackRock Cash Pension Fund		0.0	
Total assets	**222,891,714**		

*The Pre-2015 lifestyle strategies contain multiple lifestyling funds, so fund performance is not included.

**Standard Life's Q1 governance report has no information on "unallocated funds".

The Lifestyle Option involves an investment process, under which contributions are invested initially in funds with the objective of providing long term growth (such as equity index funds), moving to funds with lower potential volatility and pension conversion risk (such as bond index funds and money market funds) as members approach retirement.

The default investment strategy has been set up to seek better protection for member savings against a wider range of risks as they approach retirement, no matter how and when members plan to take their savings. The switching period now starts from 20 years out from selected retirement age. The default is called Flexible Retirement Strategy. More information can be found on the Pensions website www.lrpensionport.co.uk. As at 31 March 2023, 91.9% (2022: 91.7%) of Defined Contribution Section members were invested using the Lifestyle Option.

The Investment Committee monitors the performance of the funds provided by Standard Life with the assistance of ISIO. The administrative expenses associated with the operation of the Defined Contribution Section are incurred in the Annual Management Charge levied on the funds above.

REPORT ON ACTUARIAL LIABILITIES

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent a prudent estimate of the amount of assets needed to provide the benefits that members are entitled to, based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 31 March 2022. This showed that, in the Defined Benefit Section of the Scheme, on that date:

- The value of the Technical Provisions was: £1,054 million
- The value of the assets at that date was: £1,077 million
- The value of the surplus was: £23 million

As a result both Lloyd's Register Group Ltd and the Trustee, in conjunction with advice from the Scheme Actuary, agreed the following measures, effective from April 2022:-

(a) Contributions and expenses:

- Employer contributions payable each year, equal to the LRSFA's operating expenses and premiums for the life insurance policy and PPF levies. From 1 April 2023, subject to a Rule Amendment, Defined Benefit operating expenses will be met from assets of the LRSFA.
- In addition the Employer pays a contribution of 0.8% of relevant members' pensionable salaries to cover the 'soft landing' benefits applicable to certain members of the Fund.

(b) Deed of Gift:

Lloyd's Register Group Ltd established a Deed of Gift with Lloyd's Register Foundation in 2013 in which a promise was given to the LRSFA, that should Lloyd's Register Group Ltd become insolvent within a certain time period, Lloyd's Register Foundation will gift LRSFA up to £100m. As part of the 31 March 2022 actuarial valuation, this agreement was extended at least until the full actuarial valuation as at 31 March 2025 has been signed.

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method

The actuarial method used in the calculation of the technical provisions is the Defined Accrued Benefits Method.

Significant actuarial assumptions

Discount interest rate: by reference to the LCP gilt yield curve as at 31 March 2022 plus an addition of 0.5% per annum.

Future Retail Price Index inflation: by reference to the LCP breakeven RPI curve.

Future Consumer Price Index inflation: assumed to be equal to future Retail Price index Inflation less an adjustment of 0.9% per annum before February 2030 and 0.1% per annum after February 2030.

Pension increases in payment: pension accrued after 5 April 1997 is equal to the annual increase in the Retail Prices Index (RPI) with a minimum of 0% pa and a maximum of 5% pa. No allowance is made for future discretionary increases (other than the 1% increase granted to pre- 1997 excess pension in payment on 1 April 2022).

Mortality: standard tables S3NA with a scaling factor of 100% projected from 2013 in line with the CMI 2021 projections with a long-term annual rate of improvement of 1.5%, a smoothing factor (S) of 7, allowance for 2020 and 2021 data (W) of 0% and an initial additional mortality improvement parameter (A) of 0.5% pa.

On 26 October 2018, the High Court ruled that schemes must equalise for the effect of Guaranteed Minimum Pensions (GMPs) providing different benefits for men and women (see Note 26 for more details). A High Court judgment in another Lloyds Bank case in November 2020 determined that the requirement to implement GMP equalisation should include past transfers paid out of the Fund. An allowance for the estimated cost of adjusting benefits to remove any inequalities arising from Guaranteed Minimum Pensions has been made by increasing the technical provisions by 0.21%.

ACTUARY'S CERTIFICATE OF SCHEDULE OF CONTRIBUTIONS

LCP powering possibility

Actuary's certification of schedule of contributions

This certificate is provided for the purpose of Section 227(5) of the Pensions Act 2004 and Regulation 10(6) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme: **Lloyd's Register Superannuation Fund Association**

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions dated 29 June 2023 are such that the statutory funding objective can be expected to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 29 June 2023.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

[redacted]

Date: 29 June 2023

Mr J D Jones FIA
Appointed Scheme Actuary
Fellow of the Institute and Faculty of Actuaries

Address: Lane Clark & Peacock LLP
95 Wigmore Street
London
W1U 1DQ

Notes not forming part of the certification

In giving the above opinion I have interpreted the phrase "can be expected to continue to be met" as being satisfied by consideration of the proposed contributions under the economic and demographic scenario implied by the trustees' funding assumptions as set out in their statement of funding principles dated 29 June 2023 and without any further allowance for adverse contingencies. My opinion does not necessarily hold in any other scenarios.

SCHEDULE OF CONTRIBUTIONS

Schedule of Contributions

Lloyd's Register Superannuation Fund Association

This Schedule of Contributions has been prepared in accordance with Part 3 of the Pensions Act 2004 and the Occupational Pension Schemes (Scheme Funding) Regulations (SI 2005/3377). It has been agreed between Lloyd's Register Superannuation Trustees Limited, the Trustee of Lloyd's Register Superannuation Fund Association ("the LRSFA"), and Lloyd's Register Group Limited ("LR") on behalf of itself and the other participating employers, as indicated below by authorised signatories.

This Schedule sets out the contributions payable to the LRSFA over the period of 5 years from the date that the Actuary certifies the Schedule. It also shows the contributions that are payable to the LRSFA between the effective date of the valuation and the date that the Actuary certifies the Schedule.

Contributions payable to individual Member Accounts in the Money Purchase Section

1. Ordinary Contributions and Ordinary Employer Contributions, as defined in the Rules, payable monthly:

Contribution rate selected by the member	Contributions by Members (% of Basic Salaries)		Contributions by Employers (% of Basic Salaries)	
	Salary sacrifice members	Non-salary sacrifice members	Salary sacrifice members	Non-salary sacrifice members
3%	nil	3%	13%	10%
4%	nil	4%	15%	11%
5%	nil	5%	17%	12%
6%	nil	6%	19%	13%
7%	nil	7%	21%	14%
8%	nil	8%	23%	15%

Note 1: Certain Members who encounter Lifetime Allowance or Annual Allowance issues can apply to the employer to receive a pension cash allowance in respect of some or all of their Ordinary Contributions and/or Ordinary Employer Contributions in line with the Pension Cash Allowance Policy dated 8 January 2016 as subsequently amended.

Note 2: The Trustee and LR have agreed alternative contribution rates for certain former members of Senergy Resources Limited, whereby the member does not contribute, and the employer contributes 10% of Basic Salary. Benefits for such members are provided as an augmentation under Rule R10.1(c) of the Trust Deed and Rules.

2. Additional voluntary contributions payable by, or on behalf of, the Members.

3. On a Member's death-in-service or on leaving service because of incapacity, the Basic Salary Top-up or if less the Maximum Allowance Top-up to be credited to the individual Member Account in accordance with the Rules payable by LR, to the extent that the allowance is not met from the General Account.

Regular contributions payable by the participating employers to the LRSFA

Contributions from the employers	
Life insurance	Contributions equal to the premiums for the life insurance policy providing cover of 4 times Basic Salary paid on the death of an Active Member in accordance with the Rules. These contributions are payable as and when the premiums fall due.
"Soft Landing" benefits	Contributions equal to 0.8% pa of Basic Salaries of Active Members party to a Relevant Agreement (as defined in the Rules) to meet the funding cost of benefits payable in accordance with C3.1.4(b) or C3.1.5(b) of the Rules. These contributions will be calculated using the Basic Salaries of remaining Active Members party to a Relevant Agreement at the end of each Plan year and will be due no later than 30 business days after the date on which the relevant Plan accounts are signed.
Operational Expenses	Contributions equal to the LRSFA's total operating expenses for the Plan year ending 31 March 2023 as recorded in the Trustee's audited annual report and accounts. Contributions equal to the LRSFA's operating expenses for the Money Purchase section for each Plan year beginning on 1 April 2023 as recorded in the Trustee's audited annual report and accounts. These contributions will be due within 30 business days of the date that the relevant Plan accounts are signed. In respect of each Plan year beginning on 1 April 2023, operating expenses of the Final Salary Section will be met from the assets of the LRSFA.*
PPF levies	Contributions equal to Pension Protection Fund ("PPF") levies invoiced to the LRSFA. The contributions are payable as and when the PPF levies are due unless LR settles the levies directly.
Other contributions	Additional contributions as may be required under the Trust Deed, or as agreed between LR and the Trustee in specific circumstances, for example to cover any augmentations or any rectification costs associated with correcting divergence between the Plan's administration practices and the benefits payable under the Rules.

*Note this assumes that the proposed Rule change to allow the LRSFA to meet these expenses from the assets is agreed by members at an Extraordinary General Meeting (EGM) in the Plan year beginning 1 April 2023. If this cannot be agreed then contributions equal to the LRSFA's total operating expenses will continue in line with the arrangement for the Plan year ending 31 March 2023.

Timing of contributions

Member contributions will be remitted to the Trustee and credited to each Member's Account no later than the 19th day of each month after that in which contributions are deducted from earnings. Contributions from the Employer will, unless specified to the contrary, be due monthly and payable no later than the 19th day of each month after the month to which they relate.

LR will pay any additional contributions as decided by the Trustee, on the advice of the Actuary and in accordance with the Rules, to meet any benefit augmentations including discretionary increases agreed with LR. Such contributions will be paid within 19 days of the due date notified by the Trustee.

This Schedule of Contributions is dated 29 June 2023. It replaces the Schedule of Contributions dated 26 November 2020 with effect from the date of certification.

LCP powering possibility

This Schedule of Contributions is agreed:

on behalf of the Trustees of the LRSFA:

Signature: ……….[redacted]……..

Name: Nicholas Godden

Position: Chair of the Trustee

on behalf of Lloyd's Register Group Limited and the other participating employers:

Signature: …………[redacted]…….

Name: Mary Waldner

Position: CFO, Lloyd's Register Group Limited

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The Financial Statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustee. Pension fund regulations require, and the Trustee is responsible for ensuring, that those Financial Statements:

- show a true and fair view of the financial transactions of the Fund during the Fund year and of the amount and disposition at the end of the Fund year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the Financial Statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the Financial Statements on a going concern basis unless it is inappropriate to presume that the Fund will not be wound up.

The Trustee is also responsible for making available certain other information about the Fund in the form of an Annual Report.

The Trustee also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a Schedule of Contributions showing the rates of contributions payable towards the Fund by or on behalf of the employer and the active members of the Fund and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Fund and for adopting risk-based processes to monitor whether contributions are made to the Fund by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustee's Report, which includes the Investment Report, Implementation Statement, the Report on Actuarial Liabilities and the Statement of Trustee's Responsibilities was approved by the Trustee on

05 October 2023
.... (date)

For and on behalf of the Trustee

[redacted]
....

Trustee Director

[redacted]
....

Trustee Director

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE LLOYDS REGISTER SUPERANNUATION FUND ASSOCIATION

Opinion

We have audited the financial statements of the Lloyd's Register Superannuation Fund Association for the year ended 31 March 2023 which comprise the Fund Account, the Statement of Net Assets and the related notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Fund during the year ended 31 March 2023, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

Other information

The Trustee is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE LLOYDS REGISTER SUPERANNUATION FUND ASSOCIATION (continued)

Responsibilities of Trustees

As explained more fully in the Statement of Trustee's Responsibilities, the Trustee is responsible for the preparation of the financial statements, for being satisfied that they give a true and fair view, and for such internal control as the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intend to wind up the Fund or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

We set out below the key areas which, in our opinion the financial statements are susceptible to material misstatement by way of irregularities including fraud and the extent to which our procedures are capable of detecting these.

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for bias.
- Misappropriation of investment assets owned by the Fund. This is addressed by obtaining direct confirmation from the investment custodian and fund managers of investments held at the Statement of Net Assets date.
- Diversion of assets through large investment transactions. A sample of transactions are agreed to supporting documentation testing the authorisation of the amount and approval of the payment of the transactions.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE LLOYDS REGISTER SUPERANNUATION FUND ASSOCIATION (continued)

Use of our report

This report is made solely to the Fund's Trustee, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Fund's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

[redacted]

Crowe U.K. LLP

Statutory Auditor
London

Date 06 October 2023

FUND ACCOUNT

For the year ended 31 March 2023

	Note	2023 Defined Benefit Section £'000s	2023 Defined Contribution Section £'000s	2023 Total £'000s	2022 Defined Benefit Section £'000s	2022 Defined Contribution Section £'000s	2022 Total £'000s
CONTRIBUTIONS AND BENEFITS							
Employer contributions	4	1,852	11,333	13,185	13,509	14,612	28,121
Employee contributions	4	1	498	499	7	682	689
Total contributions	4	1,853	11,831	13,684	13,516	15,294	28,810
Transfers in	5	-	453	453	-	1,255	1,255
Other income	6	80	-	80	160	(92)	68
		1,933	12,284	14,217	13,676	16,457	30,133
Benefits paid or payable	7	35,717	2,288	38,005	35,879	4,267	40,146
Payments to and on account of leavers	8	4,397	8,882	13,279	5,259	11,641	16,900
Other payments	9	272	-	272	332	-	332
Administrative expenses	10	1,927	225	2,152	1,406	168	1,574
		42,313	11,395	53,708	42,876	16,076	58,952
NET (WITHDRAWALS)/ADDITIONS FROM DEALINGS WITH MEMBERS		(40,380)	889	(39,491)	(29,200)	381	(28,819)
RETURNS ON INVESTMENTS							
Investment income	11	63,744	-	63,744	47,140	-	47,140
Change in market value of investments	13	(314,202)	(17,216)	(331,418)	(21,998)	17,340	(4,658)
Investment management expenses	12	(718)	-	(718)	(987)	-	(987)
NET RETURNS ON INVESTMENTS		(251,176)	(17,216)	(268,392)	24,155	17,340	41,495
NET (DECREASE)/INCREASE IN THE FUND FOR THE YEAR		(291,556)	(16,327)	(307,883)	(5,045)	17,721	12,676
TRANSFERS BETWEEN SECTIONS	18	(3,166)	3,166	-	-	-	-
OPENING NET ASSETS		1,080,249	235,961	1,316,210	1,085,294	218,240	1,303,534
CLOSING NET ASSETS		785,527	222,800	1,008,327	1,080,249	235,961	1,316,210

The notes on pages 23 to 41 form part of these financial statements.

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)

At 31 March 2023

	Note	2023 Defined Benefit Section £'000s	2023 Defined Contribution Section £'000s	2023 Total £'000s	2022 Defined Benefit Section £'000s	2022 Defined Contribution Section £'000s	2022 Total £'000s
INVESTMENT ASSETS	13						
Bonds		762,586	-	762,586	1,064,407	-	1,064,407
Pooled investment vehicles	14	128,935	223,000	351,935	225,377	236,176	461,553
Derivatives	15	62	-	62	3,191	-	3,191
AVC investments	16	17	-	17	3,281	-	3,281
Cash deposits		62,157	-	62,157	35,872	-	35,872
Reverse Repurchase agreements	15	63,990	-	63,990	69,971	-	69,971
Other investment balances	17	4,370	-	4,370	5,081	-	5,081
		1,022,117	223,000	1,245,117	1,407,180	236,176	1,643,356
INVESTMENT LIABILITIES							
Derivatives	15	(29,362)	-	(29,362)	(10,755)	-	(10,755)
Repurchase Agreements	15	(210,368)	-	(210,368)	(318,867)	-	(318,867)
		(239,730)	-	(239,730)	(329,622)	-	(329,622)
TOTAL NET INVESTMENTS		782,387	223,000	1,005,387	1,077,558	236,176	1,313,734
CURRENT ASSETS	22	5,157	143	5,300	5,772	376	6,148
CURRENT LIABILITIES	23	(2,017)	(343)	(2,360)	(3,081)	(591)	(3,672)
CLOSING NET ASSETS		785,527	222,800	1,008,327	1,080,249	235,961	1,316,210

The notes on pages 23 to 41 form part of these financial statements.

The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial position of the Fund, which takes into account such obligations, is dealt with in the Report on Actuarial Liabilities on page 12 of the Annual Report and these financial statements should be read in conjunction with this report.

These financial statements were approved by the Trustee on 05 October 2023 (date)

Signed on behalf of the Trustee

[redacted] ....

Trustee Director

[redacted]
....

Trustee Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. BASIS OF PREPARATION

The Financial Statements have been prepared on a going concern basis and in accordance with the Occupational Pensions Schemes (Requirement to obtain Audited Financial Statements and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the guidance set out in the Statement of Recommended Practice (SORP) (Revised 2018).

As stated in the Statement of Trustee's Responsibilities on page 17, the Trustee is responsible for preparing the Financial Statements on a going concern basis unless it is inappropriate to presume that the Fund will continue on this basis. The Trustee Board has determined that there is no material uncertainty as to the ability of the Fund to continue as a going concern for the foreseeable future and the Trustee therefore believes it remains appropriate to prepare the Financial Statements on a going concern basis.

2. IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Fund is established as a trust under English law. The address for enquiries to the fund is included in the Trustee's Report.

3. ACCOUNTING POLICIES

(a) Accounting Convention

The financial statements are prepared on an accruals basis.

(b) Contributions

Employer and member contributions are accounted for on an accruals basis.

(c) Payments to Members

Pensions payable are accounted for by reference to the period for which they relate. Refunds and cash lump sums are accounted for either on a cash basis if members can exercise a choice in relation to these benefits or, where members have no choice in relation to these benefits, by reference to the date of retirement or leaving the Fund.

Individual transfers to and from the Fund during the year are included in the Financial Statements when payment is made or received which is when the liability transfers.

(d) Expenses

Administrative expenses and investment management expenses are accounted for on an accruals basis.

(e) Investment Income

Income from bonds and derivatives is accounted for on an accruals basis and includes interest bought and sold on investment purchases and sales. Income from pooled investment vehicles is accounted for when declared by the fund manager.

Inflation adjustments on index linked bonds are accounted for as investment income when realised.

(f) Investments

(i) Investments other than derivatives

Listed securities are valued at bid market values for the year ended 31 March 2023 for the official closing price on the year end date.

Accrued interest is excluded from the market value of bonds and is included in investment income receivable.

Pooled investment vehicles are valued at bid prices at the year-end or, if single priced, at the closing single price as provided by the relevant Fund Managers on the last dealing day prior to the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

3. ACCOUNTING POLICIES (continued)

(f) Investments (continued)

(ii) Repurchase Agreements/Reverse repurchase agreements

For repurchase agreements, the Fund continues to recognise and value the securities that are delivered out as collateral, and includes them in the Financial Statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a payable amount.

Reverse repurchase agreements are recognised in the Financial Statements as an investment receivable asset, for the cash delivered to the counterparty. The Fund discloses the securities received in exchange as collateral but these are not included in the Fund's assets. Interest receivable is accounted for on an accruals basis and included within investment income. Accrued interest receivable at the year-end is included within other investment balances.

(iii) Derivatives

Exchange traded futures valued as the sum of the daily mark-to-market, which is a calculated difference between the settlement prices at the reporting date and the inception date.

Swaps are valued based on the current value of future cash flows arising from the swap, determined using discounted cash flow models and market data at the reporting date.

Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

(iv) AVCs

AVCs invested in insurance policies are valued on the basis of their open market transfer values quoted by the relevant insurance companies as adjusted for additions and withdrawals between the valuation dates.

(g) Functional Currency

All contracts and transactions are made in Sterling (GBP). Monetary items denominated in foreign currency are translated using the closing exchange rates at the Fund year end. Foreign currency transactions are recorded at the spot exchange rate at the date of transaction.

4. CONTRIBUTIONS

		2023	
	Defined Benefit Section £'000s	Defined Contribution Section £'000s	Total £'000s
Employer contributions			
Normal (i)	-	11,333	11,333
Other (ii)	293	-	293
Additional (iii)	35	-	35
Operating expenses (iv)	1,524	-	1,524
Section 75 debt (v)	-	-	-
	1,852	11,333	13,185
Employee contributions			
Normal (i)	-	498	498
Additional voluntary (ii)	1	-	1
	1	498	499
	1,853	11,831	13,684

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

4. CONTRIBUTIONS (continued)

		2022	
	Defined Benefit Section	Defined Contribution Section	Total
	£'000s	£'000s	£'000s
Employer contributions			
Normal (i)	-	14,612	14,612
Other (ii)	352	-	352
Additional (iii)	226	-	226
Operating expenses (iv)	931	-	931
Section 75 debt (v)	12,000	-	12,000
	13,509	14,612	28,121
Employee contributions			
Normal (i)	-	682	682
Additional voluntary (ii)	7	-	7
	7	682	689
	13,516	15,294	28,810

Employer contributions

(i) Amounts received from the employer are in accordance with the Schedule of Contributions agreed following the actuarial valuation as at 31 March 2019. The value shown above includes Salary Sacrifice contributions. Contributions have been paid in respect of the Executive Bonus Waiver Fund.
A new Schedule of Contributions signed by the actuary on 29 June 2023 will replace the current Schedule of Contributions signed 26 November 2020.

(ii) An employer contribution rate of 0.9% of basic salaries of active members was set to meet the cost of the underpin on the survivors' pension payable on the death of an employed member.

(iii) The employer is required to pay additional contributions in respect of PPF levies payable by the Fund under the latest Schedule of Contributions. Payment made by the employer in respect of life insurance cover for all employed members.

(iv) Contributions equal to a portion of the LRSFA's operating expenses for each plan year as paid in the Trustee's audited annual report and accounts, are payable by LR. This contribution will be due within 20 business days of the date that the relevant Plan accounts are signed. The expenses are as follows: £1,524K contributions paid (Note 4) with £2,152K due for admin fees (Note 10). The difference of £628K is made up of £519K accruals (not including investment manager expenses), -£340K over accrual from the previous year and £449k actuarial fees paid directly by LR so not reimbursed to the LRSFA.

(v) Employer Section 75 debt includes £12m transferred into the fund on 3 December 2021, arising from the sale of its Business Assurance and Inspection Services business to Goldman Sachs.

Employee contributions

(i) Members' normal contributions are paid at various rates as set out in the Schedule of Contributions.

(ii) Until August 2018 AVCs were paid by members to purchase investments, the value of which determines the benefit to members, and which have been invested separately from the main fund. AVCs received since September 2018 have been classified as member normal contributions and are not invested separately from the main fund.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

4. CONTRIBUTIONS (continued)

The rates, as percentages of pensionable salaries, during the year ended 31 March 2023 were:

	DC Contribution Rates			
	Salary Deduction		Salary Exchange	
	Employee	Employer	Employee	Employer
Regular Contributions	From 3% to 8%	From 10% to 15%	N/A	From 13% to 23%
Additional Contributions	From 1% to 80%	N/A	N/A	From 1% to 80%

Members can select a contribution rate of between 3% and 8%. For every extra 1% above the 3% they select the Employer will increase its starting contribution of 10% by 1% up to a maximum of 15%. Additional Contributions are paid on top of regular contributions.

5. TRANSFERS IN

	2023		
	Defined Benefit Section £'000s	Defined Contribution Section £'000s	Total £'000s
Individual transfers in from other schemes	-	453	453
	2022		
Individual transfers in from other schemes	-	1,255	1,255

6. OTHER INCOME

	2023		
	Defined Benefit Section £'000s	Defined Contribution Section £'000s	Total £'000s
Other income	1	-	1
Claims on term insurance policies	79	-	79
	80	-	80
	2022		
Other income	3	(92)	(89)
Claims on term insurance policies	157	-	157
	160	(92)	68

Defined Contributions negative income relates to the release of a historic accrual.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

7. BENEFITS PAID OR PAYABLE

	2023 Defined Benefit Section £'000s	2023 Defined Contribution Section £'000s	Total £'000s
Pensions	32,547	-	32,547
Commutation of pensions and lump sum retirement benefits *	2,378	2,176	4,554
Purchase of annuities***	-	-	-
Lump sum death benefits	657	112	769
Refunds of contributions on death	5	-	5
Taxation where lifetime or annual allowance exceeded **	130	-	130
	35,717	2,288	38,005

	2022 Defined Benefit Section £'000s	2022 Defined Contribution Section £'000s	Total £'000s
Pensions	32,257	-	32,257
Commutation of pensions and lump sum retirement benefits *	3,226	3,570	6,796
Purchase of annuities***	-	508	508
Lump sum death benefits	347	189	536
Refunds of contributions on death	10	-	10
Taxation where lifetime or annual allowance exceeded **	39	-	39
	35,879	4,267	40,146

* Of the £2.176m (2022: £3.570m) of commutations for lump sums for DC benefits, £0.929m (2022: £1.568m) related to lump sums paid to members as a part of their DB retirement, using their DC pot to enhance their lump sum.

**Taxation arising on benefits paid or payable is in respect of members whose benefits exceeded the lifetime or annual allowance and who elected to take lower benefits from the Fund in exchange for the Fund settling the tax liability.

*** Purchase of annuities outside of the scheme.

8. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2023 Defined Benefit Section £'000s	2023 Defined Contribution Section £'000s	Total £'000s
Individual transfers out to other schemes	4,397	8,882	13,279

	2022 Defined Benefit Section £'000s	2022 Defined Contribution Section £'000s	Total £'000s
Individual transfers out to other schemes	5,259	11,641	16,900

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

9. OTHER PAYMENTS

	Defined Benefit Section £'000s	2023 Defined Contribution Section £'000s	Total £'000s
Premiums on term insurance policies	272	-	272
		2022	
Premiums on term insurance policies	332	-	332

10. ADMINISTRATIVE EXPENSES

	Defined Benefit Section £'000s	2023 Defined Contribution Section £'000s	Total £'000s
Administration	767	82	849
Actuarial fees	294	-	294
Legal fees	458	-	458
Other professional fees	61	-	61
Investment advice	279	143	422
Audit fees	47	-	47
PPF Levy	21	-	21
	1,927	225	2,152
		2022	
Administration	549	51	600
Actuarial fees	292	-	292
Legal fees	178	-	178
Other professional fees	-	-	-
Investment advice	315	117	432
Audit fees	52	-	52
PPF levy	20	-	20
	1,406	168	1,574

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

11. INVESTMENT INCOME

	2023		
	Defined Benefit Section £'000s	Defined Contribution Section £'000s	Total £'000s
Income from bonds	68,072	-	68,072
Income from pooled investment vehicles	183	-	183
Interest on cash deposits	453	-	453
Gains/(losses) on foreign exchange	931	-	931
Income from derivatives / swaps	(147)	-	(147)
Other investment income	107	-	107
Interest on repos	(5,855)	-	(5,855)
	63,744	-	63,744

	2022		
Income from bonds	47,255	-	47,255
Income from pooled investment vehicles	3,668	-	3,668
Interest on cash deposits	(7)	-	(7)
Gains/(losses) on foreign exchange	(3,516)	-	(3,516)
Income from derivatives / swaps	605	-	605
Interest on repos	(865)	-	(865)
	47,140	-	47,140

12. INVESTMENT MANAGEMENT EXPENSES

	2023		
	Defined Benefit Section £'000s	Defined Contribution Section £'000s	Total £'000s
Administration, management & custody - charged	806	-	806
Administration, management - rebated	(88)	-	(88)
	718	-	718

	2022		
Administration, management & custody - charged	1,157	-	1,157
Administration, management - rebated	(170)	-	(170)
	987	-	987

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

13. RECONCILIATION OF INVESTMENTS

	Value at 31.03.2022	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in market value	Value at 31.03.2023
Defined Benefit Section	£'000s	£'000s	£'000s	£'000s	£'000s
Bonds	1,064,407	164,191	(165,888)	(300,124)	762,586
Pooled investment vehicles	225,377	-	(95,937)	(505)	128,935
Derivatives	(256,460)	1,825,413	(1,730,951)	(13,680)	(175,678)
AVC investments	3,281	1	(3,244)	(21)	17
	1,036,605	1,989,605	(1,996,020)	(314,330)	715,860
Cash deposits	35,872			128	62,157
Other investment balances	5,081			-	4,370
	1,077,558			(314,202)	782,387
Defined Contribution Section					
Pooled investment vehicles*	236,176	2,445,460	(2,441,420)	(17,216)	223,000

* Included in purchases and sales is £1,618m lifestyle switches within Standard Life.

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Fund such as fees, commissions and stamp duty.

During the year direct transaction costs of £9,158 (2022: £8,872) were incurred through the Legal & General Buy and Maintain portfolio.

In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles.

For the DC section investments purchased by the Fund are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid. The investment manager holds the investment units on a pooled basis for the trustee. The Fund administrator allocates investment units to members. The Trustee may hold investment units representing the value of employer contributions that have been retained by the Fund that relate to members leaving the Fund prior to vesting.

During the year members Standard Life & Utmost AVC's were transferred into the DC Section, these amounted to £453k and £3,167k respectively.

DC section AVCs are invested together with the other member funds. Investments allocated to members and the Trustee is as follows:

	2023	2022
	£'000s	£'000s
Members	222,892	236,068
Trustees	108	108
	223,000	236,176

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

14. POOLED INVESTMENT VEHICLES

The Fund's investments in pooled investment vehicles at the year-end comprised:

	2023	2022
Defined Benefit Section	£'000s	£'000s
Return Seeking Strategy		
Direct lending	128,935	145,749
Total return fund[1]	-	79,628
	128,935	225,377
Defined Contribution Section		
Default Funds		
Bonds	17,575	20,548
Equity	8,344	7,592
Cash	5,615	4,619
Diversified growth[1]	187,796	199,583
Other Funds		
Other funds[2]	3,670	3,834
	223,000	236,176

[1] The funds hold a variety of investments including equities, bonds, derivatives and commodities.
[2] Other funds include a wide range of investments including sustainable investments and property.

15. DERIVATIVES

Objectives and policies

The Trustee has authorised the use of derivatives by its investment managers as part of its investment strategy for the Fund as follows.

Futures – the Trustee did not want cash held to be "out of the market" and therefore bought exchange traded index based futures contracts which had an underlying economic value broadly equivalent to cash held.

Swaps – the Trustee's aim is to match as far as possible the fixed income portfolio and the Fund's long term liabilities, in particular in relation to their sensitivities to interest rate movements. Due to the lack of available long dated bonds the Trustee has entered into OTC interest rate swaps during the year that extend the duration of the fixed income portfolio to better match the long term liabilities of the Fund.

Forward foreign exchange – in order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in Sterling, a currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

15. DERIVATIVES (continued)

At the year end the Fund held the following derivatives:

	2023 Asset £'000s	2023 Liability £'000s	2022 Asset £'000s	2022 Liability £'000s
Repurchase and reverse repurchase agreements	63,990	(210,368)	69,971	(318,867)
Futures	62	(2,909)	2,796	(13)
Forward foreign exchange contracts	-	(361)	395	(2,005)
Swaps	-	(26,092)	-	(8,737)
	64,052	(239,730)	73,162	(329,622)
		(175,678)		(256,460)

Repurchase and reverse repurchase agreements

At 31 March 2023 the market value of the securities sold under repurchase agreements was £218.6m (2022: £309.2m). Cash received from counterparties in respect of the securities that have been sold has been used by the investment manager to increase its fixed income portfolio. Amounts payable to counterparties under repurchase agreements are disclosed as liabilities in the Financial Statements under investment liabilities. At 31 March 2023 this amounted to £210.4m (2022: £318.8m)

During the year the Fund also entered into reverse repurchase agreements. At 31 March 2023 amounts receivable under reverse repurchase agreements amounted to £64.0m (2022: £69.9m). Bonds with value of £67.6m (2022: £69.3m) are held as collateral under reverse repurchase agreements.

Collateral on repurchase & reverse repurchases agreements

At 31 March 2023 there was collateral pledged of £12.3m (2022: £12.3m) and collateral held of £0.0m (2022: £0.0m) against the difference in valuation between the underlying securities and the repurchases.

Futures

Nature	Expiration	Economic exposure £'000s	Asset £'000s	Liability £'000s
Long Bond Future	Less than 1 year	(11,244)	-	(508)
Ultra-Bond Future	Less than 1 year	(32,187)	-	(1,560)
5 Year Treasury Future	Less than 1 year	(12,176)	62	-
10 Year Treasury Future	Less than 1 year	(13,716)	-	(355)
10 Year Ultra Future	Less than 1 year	2,922	-	(486)
Total 2023		(66,401)	62	(2,909)
Total 2022		(83,633)	2,796	(13)

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

15. DERIVATIVES (continued)

Contract	Settlement Date	Currency bought USD	Currency sold GBP	Asset £'000s	Liability £'000s
Forward OTC	Under 1 month	51,637	42,766	-	(361)
Total 2023		51,637	42,766	-	(361)
Total 2022		101,161	135,282	395	(2,005)

Swaps

Nature	Expiration	Asset £'000s	Liability £'000s
Interest rate swaps (OTC)	2024-2052	-	(26,091)
Total 2023		-	(26,091)
Total 2022		-	(8,737)

Included in bonds is collateral of £8.0m (2022: £7.7m) which has been pledged to the counterparty.

At the year end the Fund pledged £23.0m (2022: £9.0m belonging to the counterparty) of collateral to the counterparty. This collateral is not reported within the Fund's net assets.

16. AVC INVESTMENTS

The Trustee holds assets invested separately from the main DB Section investments to secure additional benefits on a money purchase basis for those DB Section members electing to pay Additional Voluntary Contributions. Members participating in this arrangement each receive an annual statement made up to 31 March 2023 confirming the amounts held in their account and the movements in the year. The aggregate amounts of AVC investments are as follows:

Defined Benefit	2023 £'000s	2022 £'000s
Utmost Life and Pensions (unit linked)	-	541
Standard Life Assurance Limited (unit linked)	17	2,740
	17	3,281

During the year AVC investments held within the Defined Benefit Section with Standard Life and Utmost were transferred into the Defined Contribution Section. These amounted to £486k and £2,680k respectively. The £17k residual balance relates to three members.

17. OTHER INVESTMENT BALANCES

	2023 £'000s	2022 £'000s
Interest receivable	4,370	5,078
Cash in transit	-	3
	4,370	5,081

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

18. TRANSFER BETWEEN SECTIONS

	Defined Benefit Section £'000s	2023 Defined Contribution Section £'000s	Total £'000s
Transfer from the DB Section	(3,166)	-	(3,166)
Transfer to the DC Section	-	3,166	3,166
	(3,166)	3,166	-
		2022	
Transfer from the DB Section	-	-	-
Transfer to the DC Section	-	-	-
	-	-	-

During the year AVC investments held within the Defined Benefit Section with Standard Life and Utmost were transferred into the Defined Contribution Section. These amounted to £2,680k and £486k respectively.

19. FAIR VALUE DETERMINATION

The fair value of financial instruments has been estimated using the following fair value hierarchy:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Fund's investment assets and liabilities fall within the above hierarchy as follows:

		At 31 March 2023		
Defined Benefit Section	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	Total £'000s
Bonds	-	762,586	-	762,586
Pooled investment vehicles	-	128,935	-	128,935
Derivatives	(2,847)	(172,831)	-	(175,678)
AVC investments	-	17	-	17
Cash	62,157	-	-	62,157
Other investment balances	4,370	-	-	4,370
	63,680	718,707	-	782,387
Defined Contribution Section				
Pooled investment vehicles	-	223,000	-	223,000
	-	223,000	-	223,000
	63,680	941,707	-	1,005,387

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

19. FAIR VALUE DETERMINATION (continued)

	At 31 March 2022			
Defined Benefit Section	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	Total £'000s
Bonds	-	1,064,407	-	1,064,407
Pooled investment vehicles	-	225,377	-	225,377
Derivatives	2,782	(259,242)	-	(256,460)
AVC investments	-	3,281	-	3,281
Cash	35,872	-	-	35,872
Other investment balances	5,081	-	-	5,081
	43,735	1,033,823	-	1,077,558
Defined Contribution Section				
Pooled investment vehicles	-	236,176	-	236,176
	-	236,176	-	236,176
	43,735	1,269,999	-	1,313,734

20. INVESTMENT RISK DISCLOSURES

(a) Investment risks

All investment business is conducted in accordance with the Statement of Investment Principles (SIP) prepared in accordance with Section 35 of the Pensions Act 1995 which includes the Trustee's investment policy on social, environmental and ethical investment considerations. The Trustee agreed that funds must be invested to obtain the best possible return for members, subject to an appropriate level of risk. Trustee policy regarding social, environmental and ethical investment issues is therefore that the extent to which these issues are taken into account in investment decisions is left to the discretion of the active investment managers. The Trustee does not consider it appropriate for the passive investment manager to take account of such issues in the selection, retention and realisation of investments.

The Trustee recognises that there are risks involved in the investment of the assets of the Fund, which it monitors on a regular basis and seeks to mitigate.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk comprises currency risk, interest rate risk and other price risk as follows:

- Currency risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

20. INVESTMENT RISK DISCLOSURES (continued)

The Trustee's determine their investment strategy after taking advice from the investment adviser. The Fund has exposure to these risks because of the investments it makes in following the investment strategy. The Trustee manages investment risks, including credit risk and market risk, within the agreed risk limits which are set taking into account the Fund's strategic investment objectives. This does not include AVC investments as these are not considered significant in relation to the overall investments of the Fund.

(b) Defined Benefit Section

(i) Investment strategy

The investment objective of the Defined Benefit Section (DB Section) is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the DB Section payable under the Trust Deed and Rules as they fall due. This is combined with a long-term objective of achieving returns in excess of gilts of 1.0%.

The Trustee sets the investment strategy for the DB Section taking into account considerations such as the strength of the employer covenant, the long-term liabilities of the DB Section and the funding plan agreed with the Employer. The investment strategy is set out in its SIP.

The current strategy for the DB Section is to hold:

- 16% in return seeking investments comprising UK and overseas bonds, credit opportunities, direct lending, diversified credit, bond funds, swaps and cash. This is expected to generate higher returns and cash flows than would be obtained solely from government bonds.
- 30% in a Buy and Maintain corporate bond portfolio which is expected to generate higher returns and cashflows than would be obtained solely from government bonds, and is also expected to contribute to the Fund's liability matching portfolio.

The investment objective of the Defined Benefit Section (DB Section) is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the DB Section payable under the Trust Deed and Rules as they fall due. This is combined with a long-term objective of achieving returns in excess of gilts of 1.0%.

The Trustee sets the investment strategy for the DB Section taking into account considerations such as the strength of the employer covenant, the long-term liabilities of the DB Section and the funding plan agreed with the Employer. The investment strategy is set out in its SIP.

The current strategy for the DB Section is to hold:

- 16% in return seeking investments comprising UK and overseas bonds, credit opportunities, direct lending, diversified credit, bond funds, swaps and cash. This is expected to generate higher returns and cash flows than would be obtained solely from government bonds.
- 30% in a Buy and Maintain corporate bond portfolio which is expected to generate higher returns and cashflows than would be obtained solely from government bonds, and is also expected to contribute to the Fund's liability matching portfolio.
- 54% in investments that move in line with the long-term liabilities of the Fund. This is a Liability Driven Investment (LDI) strategy, which comprises of UK government bonds and derivative instruments. The LDI and Buy & Maintain Credit aim to hedge 100% of interest rate and inflation risk of the Fund liabilities on a low risk, gilts+0.5% basis.

As at 31 March 2023 the DB Section held 17% of its portfolio in return seeking investments (2022 - 21%) and 83% in liability matching assets (2022 - 79%). See notes 13 and 14 for further details of the investments held at the start and end of the year.

The strategy at the end of the Fund year is line with the SIP signed in March 2023.

These investment objectives and risk limits are implemented through the investment management agreements in place with the Fund's investment managers and monitored by the Trustee by regular quarterly reviews of the investment portfolio.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

20. INVESTMENT RISK DISCLOSURES (continued)
(b) Defined Benefit Section (continued)

(i) Investment strategy (continued)

If, during the quarterly review, an asset class or investment manager exceeds their asset allocation weighting, the Trustee will decide whether to rebalance the portfolio of assets at that time.

(ii) Other price risk

Other price risk arises principally in relation to the Fund's return seeking portfolio. As at 31 March 2023, 17% (2022 - 21%) of the portfolio was held in the return seeking portfolio, based on the fair value of the investments.

(iii) Interest rate risk

The Fund is subject to interest rate risk because some of the Fund's investments are held in directly held bonds, credit opportunities funds, diversified credit funds, cash and use is made of repurchase agreements. Under this strategy, if interest rates fall, the value of liability driven investments will rise to help match the increase in actual liabilities arising from a fall in the discount rate. Similarly, if the interest rates rise, the liability driven investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

The Fund has set a target asset allocation of 50-67% of assets in the LDI matching strategy and 26%-34% in Buy & Maintain Credit strategy. The Fund manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

As at 31 March 2023 the liability matching portfolio represented 83% (2022:- 79%) of the total investment portfolio based on the fair value of the investments.

	2023 £'000s	2022 £'000s
Fixed interest gilts	101,285	128,169
Index linked gilts	423,344	667,278
Repurchase and agreements	(146,378)	(249,028)
Corporate bonds	231,135	285,295
UK gilts	13,226	8,627
Interest Rate Swaps	(26,091)	(8,737)
Cash and other balances	49,637	10,005
	646,158	841,609

The fund is subject to interest rate risk in the return seeking strategy classes as is shown in note 14. Figures may not sum due to rounding.

(iv) Inflation risk

The Fund currently holds indexed linked gilts to manage inflation risk associated with pension liability. The Fund has set a target asset allocation of 76%-100% of investments in its liability matching strategy. Of which 50-67% of assets are in the LDI matching strategy which provides inflation hedging. The inflation risk strategy is fully implemented, hedging the impact of interest rate and inflation movements on 100% of the liabilities of the Fund on a Gilts+0.5% basis (2022 – 100% of liabilities on a Gilts+0.5%).

As at 31 March 2023 the liability matching portfolio represented 83% (2022 – 79%) of the total investment portfolio based on the fair value of the investments. The detailed breakdown and constituents of the LDI mandate and Buy & Maintain Credit mandate are provided under the Interest Rate Risk disclosure section.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

20. INVESTMENT RISK DISCLOSURES (continued)

(v) Currency risk

The Fund is subject to indirect currency risk because some of the Fund's sterling priced pooled investments vehicles hold assets denominated in foreign currencies. The Fund also holds investments in overseas bonds through its segregated Buy & Maintain Credit mandate; however all currency exposure is hedged back to sterling. Breakdown of the investments is shown in notes 13 and 14. Currency risk is accepted where this facilitates overseas investments, taking into account the risks and the expected reward.

(vi) Credit risk

The Fund uses LDI and Buy & Maintain Credit mandates and is subject to direct credit risk arising from bonds directly held and derivatives. Government bonds are held to help control the overall credit risk and collateral is posted to cover gains and losses on the derivatives (hence minimising the exposure to the counterparty's credit).

Shares in limited partnerships used by the Fund comprised of £128.9m (2022: £225.5m). Breakdown of the investments is shown in note 14.

Credit risk arising on other investments, such as cash balances held by investment managers, is mitigated by investment mandates requiring all counterparties to be investment grade and diversifying counterparties and this is the position at 31 March 2023 and at the comparative year end due to the nature of the investments.

The Trustee receives regular reports from their fund managers and investment managers confirming whether the agreed guidelines have been adhered to.

(c) Defined Contribution Section

(i) Investment strategy

The Trustee monitors the underlying risks by quarterly investment reviews with its DC Section investment adviser.

The range of investment options is reviewed by the Trustee periodically to ensure their continued suitability.

The key investment objective is to facilitate the accumulation of each Member's individual Personal Account in a portfolio of secure assets of appropriate liquidity via unitised funds selected by the Member.

The Trustee wishes to give each Member a reasonable degree of freedom over the choice of investment funds for the accumulation of their Personal Account and, having taken appropriate advice, has made a range of unitised investment funds available. The choice of funds is designed to ensure that Members have sufficient flexibility to invest in funds of their choice in a manner that is consistent with their personal circumstances.

The Fund provides investment options sourced through an insurance policy with Standard Life, the platform the Fund uses and through which a number of different white labelled funds and direct investment manager funds can be accessed as follows:

- equity
- property
- bonds
- sustainable investment
- cash
- diversified growth

The Trustee monitors the underlying risks by quarterly investment reviews with its DC Section investment adviser. The range of investment options is reviewed by the Trustee periodically to ensure their continued suitability.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

20. INVESTMENT RISK DISCLOSURES (continued)

(c) Defined Contribution Section (continued)

(ii) Direct credit risk

The DC Section is subject to direct credit risk in relation to Standard Life through its holding in unit linked insurance funds provided by Standard Life. Standard Life is regulated by the Financial Conduct Authority and maintains separate funds for its policy holders. The Trustee monitors the creditworthiness of Standard Life by reviewing published credit ratings. Standard Life invests all the Fund's funds in its own unit linked investment funds. In the event of default by Standard Life the Fund is protected by the Financial Services Compensation Scheme.

(iii) Indirect credit and market risk

The DC Section is subject to indirect credit and market risk arising from the underlying investments held in the unit linked investment funds managed by Standard Life. Member level risk exposures will be dependent on the funds invested in by members.

At the Fund year end the bond, cash and diversified growth funds were exposed to underlying credit risk. The Trustee only invests in funds where the financial instruments and all counterparties are at least investment grade.

The majority of the Fund’s members invest in the default funds, and the risk disclosures have therefore focussed on these funds. The Fund's DC default funds are subject to indirect foreign exchange, interest rate and other price risk arising from the underlying financial instruments held in the following funds:

- The equity funds are exposed to foreign exchange and other price risks.
- The bond funds are exposed foreign exchange and interest rate risk.
- The cash funds are exposed to foreign exchange and interest rate risk.
- The diversified growth funds are exposed to foreign exchange risk, interest rate risk and other price risk.

21. CONCENTRATION OF INVESTMENTS

The following investments represented over 5% of the net assets of the Fund:

	2023		2022	
	£’000s	%	£’000s	%
Partner Group Private Market Strategies Fund	82,382	8.1	89,788	6.8
Apollo Total Return Fund	-		79,628	6.1

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

22. CURRENT ASSETS

	Defined Benefit Section £'000s	2023 Defined Contribution Section £'000s	Total £'000s
Bank balance	3,531	143	3,674
Contribution due from employer	1,544	-	1,544
Other assets	82	-	82
	5,157	143	5,300
		2022	
Bank balance	4,252	376	4,628
Contributions receivable - employer	1,437	-	1,437
Other assets	83	-	83
	5,772	376	6,148

Included in the DC Section bank balance is £nil (2022: £nil) which is not allocated to members.

All contributions receivable are due to be paid to the Fund within 20 business days of the signing of this report in accordance with the Schedule of Contributions currently in force.

23. CURRENT LIABILITIES

	Defined Benefit Section £'000s	2023 Defined Contribution Section £'000s	Total £'000s
Accrued expenses	771	14	785
Unpaid benefits	721	329	1,050
Tax payable	525	-	525
	2,017	343	2,360
		2022	
Accrued expenses	872	-	872
Unpaid benefits	1,745	591	2,336
Tax payable	464	-	464
	3,081	591	3,672

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

24. RELATED PARTIES

Lloyd's Register Group Ltd, who are the Fund's sponsoring employer, provides the Fund with Administrative services and the Fund makes a contribution to Lloyd's Register Group Ltd towards the costs of these services. This amounted to £240,000 for the year ended 31 March 2023 (2022: £240,000). The sponsoring employer also pays certain costs on behalf of the Fund, including the monthly pensioner payroll, which is subsequently reimbursed by the Fund. The balance due from the Fund to the sponsoring employer at the year-end is shown in note 23.

Five members of the Board of the Trustee are contributing members of the Fund and contributions are paid in accordance with the Schedule of Contributions whilst one member of the Board is in receipt of a pension from the Fund. Mr Nicholas Godden receives a fee of £61,200 per annum. The total sum paid during the year ended 31 March 2023 was £61,200 (2022: £51,000). This fee is now invoiced quarterly and therefore the figure for the current year now includes VAT.

25. TAXATION STATUS

The Fund is a registered pension scheme within the meaning of Section 153 of the Finance Act 2004. The Fund is therefore exempt from income and capital gains tax except for certain withholding taxes relating to overseas investment income. Tax charges are accrued on the same basis as the investment income to which they relate.

26. GMP EQUALISATION

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustee of the Fund is aware that the issue will affect the Fund and will be considering this at a future meeting and decisions will be made as to the next steps. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Based on an initial assessment of the likely backdated amounts and related interest the Trustee does not expect these to be material to the Financial Statements and therefore have not included a liability in respect of these matters in these Financial Statements. They will be accounted for in the year they are determined.

A High Court judgment in another Lloyds Bank case in November 2020 determined that the requirement to implement GMP equalisation should include past transfers paid out of the Fund. Based on an initial assessment of the likely backdated amounts and related interest the Trustee do not expect these to change their assessment that the impact of GMP equalisation will be immaterial to the financial statements and therefore will continue to not include a liability in respect of these matters in these financial statements.

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE LLOYDS REGISTER SUPERANNUATION FUND ASSOCIATION

Statement about contributions payable under the Schedule of Contributions

We have examined the summary of contributions payable to the Lloyd's Register Superannuation Fund Association, for the Fund year ended 31 March 2023 which is set out in the Trustee's Report on page 43.

In our opinion, contributions for the Fund year ended 31 March 2023 as reported in the summary of contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Fund Actuary on 26 November 2020.

Basis for Statement about Contributions

Our objective is to obtain sufficient evidence to give reasonable assurance that contributions reported in the attached summary of contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Fund and the timing of those payments under the Schedule of Contributions.

Responsibilities of Trustees

As explained more fully in the Statement of Trustee's Responsibilities, the Fund's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions which sets out the rates and due dates of certain contributions payable towards the Fund by or on behalf of the employer and the active members of the Fund. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Fund and for monitoring whether contributions are made to the Fund by the employer in accordance with the Schedule of Contributions.

Auditor's responsibilities for the statement about contributions

It is our responsibility to provide a Statement about Contributions paid under the Schedules of Contributions and to report our opinion to you.

Use of our statement

This statement is made solely to the Fund's Trustee, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Fund's Trustee those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund's Trustee as a body, for our work, for this statement, or for the opinion we have formed.

[redacted]

Crowe U.K. LLP
Statutory Auditor
London

Date 06 October 2023

SUMMARY OF CONTRIBUTIONS PAID IN THE YEAR

During the year, the contributions paid to the Fund by the employer under the Schedule of Contributions were as follows:

	DB Section £'000s	DC Section £'000s	Total £'000s
Employer normal contributions	-	11,333	11,333
Employer other contributions	293	-	293
Employer additional contributions	35	-	35
Operating expenses	1,524	-	1,524
Employee normal contributions	-	498	498
Employer additional voluntary contributions	1	-	1
Total contributions paid under the Schedule of Contributions	1,853	11,831	13,684
Reconciliation to the financial statements:	1,853	11,831	13,684

This summary was approved by the Trustee on 05 October 2023 (date)

Signed on behalf of the Trustee

[redacted]........

Trustee Director

[redacted]

....

Trustee Director

APPENDIX - IMPLEMENTATION STATEMENT

July 2023

www.isio.com

Lloyd's Register Superannuation Fund Association ("the Fund")

July 2023

Document classification: Public

IMPLEMENTATION STATEMENT (continued)

Background and Implementation Statement

Background

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustee's fiduciary duty.

Implementation Statement

This implementation statement is produced to provide evidence that the Fund continues to follow and act on the principles outlined in the Statement of Investment Principles (SIP).

The SIP can be found online at the web address here and changes to the SIP are detailed on the following page.

The Implementation statement details:

- actions the Fund has taken to manage financially material risks and implement the key policies in its SIP.
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks.
- the extent to which the Fund has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate.
- voting behaviour covering the reporting year up to 31 March 2023 for and on behalf of the Fund including the most significant votes cast by the Fund or on its behalf.
- the policies in place to ensure the default strategy remains in the best interest of its members.

Summary of key actions undertaken over the Fund reporting year

The Trustee de-risked the investment strategy of the DB Section over the year, fully disinvesting from the Apollo Total Return Fund and transferring the proceeds into the Schroders Liability Driven Investment funds. Following the Apollo disinvestment, the current expected return target of the DB Fund's assets is Gilts + 1.0% p.a. These changes were implemented to reduce market and credit risk and align the target return to that set out in the current SIP.

Within the DC Section, the main change was to implement a global ESG equity fund within the default at the start of the year, which was as the result of a strategic decision taken during the previous reporting year.

IMPLEMENTATION STATEMENT (continued)

Implementation Statement

This report demonstrates that Lloyd's Register Superannuation Fund Association has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

Signed [redacted]

Position Chairman trustee

Date 05 October 2023

IMPLEMENTATION STATEMENT (continued)

Managing risks and policy actions DB and DC

Risk / Policy	Definition	Policy	Actions and details on changes to policy
DB and DC			
Interest rates and inflation	The risk of mismatch between the value of the Fund assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge 100% of these risks on a Gilts + 0.5% basis.	DB: The Trustee maintained the interest rate and inflation hedging targets of 100% on a Gilts + 0.5% basis after rebalancing the hedge during the reporting year.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets within the DB section so that there is a prudent buffer to pay members benefits as the fall due (including transfer values), and to provide collateral to the LDI manager. Liquidity within the DB section is monitored by the Fund's administrators assessing the level of cash held on a quarterly basis in order to impact cash flow requirements on the policy. Within the DC Section, liquidity risk is managed by typically offering members pooled funds that are readily redeemable in normal circumstances at reasonable prices.	DB: There have been no changes to the policy. The liquidity of the DB assets is monitored on a quarterly basis. During the gilt crisis in Autumn, the DB Fund's liquidity was monitored closely with no issues arising. As well as this, proceeds from the Apollo redemption were reinvested into daily dealt assets improving the liquidity of the DB Fund. DC: There have been no changes to the policy and no liquidity concerns were raised over the reporting period.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	DB: The DB Fund's market risk has been reduced through the full redemption of the Apollo fund. There have been no other changes to this policy over the reporting year. DC: The Trustee reviews the performance of the DC Section on a quarterly basis. Particular attention was paid to the performance of the default in the run up to retirement following volatility in gilt markets.

IMPLEMENTATION STATEMENT (continued)

Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors.	DB: The redemption of the Apollo Semi-Liquid Credit fund reduced the DB Fund's credit risk. DB/DC: The Trustee continues to review the performance of the Sections on a quarterly basis. There have been no other changes to this policy over the reporting year.
Diversification	The risk that investments are too concentrated in terms of sector, industry, sub-asset class.	This is measured by observing the relative and absolute volatility of the investment options. Within the DC Section, it is also managed through the selection of broad-based funds that show internal diversification, as well as by offering the membership a fund range which provides for reasonable diversification.	DB/DC: There have been no changes to this policy over the reporting year.
Custodian	The risk that the custodian misplaces Fund investments that it is receiving, delivering or safekeeping.	To be measured by assessing the quality of the custodian bank: its ability to settle trades on time and to keep safe custody of assets; and its financial strength (both to stay in business and to pay any claims due to the Fund). The Investment Committee monitors the custodian's activities within the DB Section and discusses the performance of the custodian with the investment managers where appropriate.	DB/DC: There have been no changes to this policy over the reporting year.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Fund's investments and member outcomes.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory 6. UK Stewardship Code signatory The Trustees monitor the mangers on an ongoing basis.	The UK Stewardship Code signatory has been added to the Fund's ESG criteria this year. Further detail is provided on page 10 later in this report.

IMPLEMENTATION STATEMENT (continued)

Currency	The potential for adverse currency movements to have an impact on the Fund's investments.	To largely invest in GBP share classes where possible to eliminate direct currency risk. Within the DC section this is managed by providing the membership with a number of GBP based investment options and communicating those funds which invest overseas.	DB/DC: There have been no changes to this policy over the reporting year.
Non-financial	Any factor that is not expected to have a financial impact on the Fund's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.	DB/DC: There have been no changes to this policy over the reporting year.
DB only			
Investment	The risk that the Fund's position deteriorates due to the assets underperforming.	Selecting an investment objective that is achievable and is consistent with the Fund's funding basis and the sponsoring company's covenant strength. Investing in a diversified portfolio of assets.	The Fund disinvested from the Apollo Total Return Fund with the aim to de-risk the portfolio. Proceeds were invested in the Schroders LDI segregated mandate. The Trustee changed the investment target for the Fund from Gilts+1.2% p.a. to Gilts+1.0%. p.a.
Funding	The extent to which there are insufficient Fund assets available to cover ongoing and future liability cash flows.	Funding risk is considered as part of the investment strategy review and the actuarial valuation. The Trustee will agree an appropriate basis in conjunction with the investment strategy to ensure an appropriate journey plan is agreed to manage funding risk over time.	There have been no changes to this policy over the reporting year. The Trustee reviews the funding position of the DB section on a quarterly basis.
Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Fund.	When developing the Fund's investment and funding objectives, the Trustee takes account of the strength of the covenant ensuring the level of risk the Fund is exposed to is at an appropriate level for the covenant to support. The Trustee has also managed this risk by ensuring that the Fund has recourse to assets held separately in an escrow account. These assets will be	There have been no changes to this policy over the reporting year. The Trustee reviews the covenant position of the Sections on a triennial basis in conjunction with the Actuarial Valuation, and more frequently if any significant events occur

IMPLEMENTATION STATEMENT (continued)

		paid into the Fund if the funding level falls below certain triggers at future valuation dates.	
DC Only			
Default Design	The default strategy is in the best interest of members.	The default is regularly reviewed to check it matches the risk/reward requirements of the Fund members and preserves the value of capital at retirement.	A move to a global ESG equity fund within the default was implemented at the start of the reporting year (based on a strategic decision taken last reporting year). The Trustee has continued to keep the default under review as part of its quarterly meetings. In particular, there has been a focus on the performance in the run up to retirement following ongoing volatility in gilt markets.
Alternative lifestyles	Offering members an appropriate selection of alternative lifestyles	With pension freedoms members can choose a number of options at retirement, Funds should look to offer alternative lifestyles to target retirement outcomes. An ESG lifestyle could also be offered.	There have been no changes to the alternative lifestyles over this reporting year. These have been kept under review as part of the quarterly reporting and meetings.
Self-Select Funds	Offering members an appropriate selection of self select funds.	Members who wish to self select their investments should have a good variety of funds, offering alternative asset classes with rated fund managers. Could also offer an ESG fund to members.	There have been no changes to the self-select range over this reporting year. The range has been kept under review as part of the quarterly reporting and meetings.

IMPLEMENTATION STATEMENT (continued)

Changes to the SIP

Policies added to the SIP

Date Updated: March 2023

This section details changes to the SIP during the reporting year following the DB Fund's disinvestment from the Apollo Semi Liquid Credit Fund. The proceeds were reinvested into the Schroders Liability Driven Investment Fund to improve the DB Fund's liquidity.

Defined Benefit Section

Long-term Journey Plan

The Fund's objective is to reach full funding on the long-term basis (defined as Gilts + 0.5%) by 2029. This objective was achieved in 2021 and as at year end the Fund is currently c.105% funded. Following the conclusion 2022 Actuarial Valuation Report, the Trustee and Sponsor are considering a new objective for the Fund. The investment strategy has been designed to be consistent with a discount rate of Gilts + 0.5% and the current expected return target of the DB section assets is Gilts + 1.0% p.a. subject to a target level of risk of £100m or less measured by the 95% 1-year Value at Risk ("VaR").

Investment Strategy

Following the Trustee decision to de-risk the Fund, there was a full disinvestment from the Apollo Total Return Fund, reducing the Fund's portfolio asset allocation to Semi-Liquid Credit. The proceeds from the disinvestment were transferred into the Schroders Liability Driven Investment funds. The changes to the Fund's target allocation and control ranges are detailed in the table below.

Asset Class	Sub-Asset Class	Target Allocation	Control Ranges	Expected Return (relative to fixed interest gilts)
Credit	Buy and Maintain Corporate Bonds	30%	26%-34%	1.2%
	Direct Lending [2]	16%	n/a	4.2%
Liability Hedging	Liability Driven Investment ('LDI')	54%	50%-67%	0.0%
Cash		-	0%-5%	n/a
Total			**100%**	

[1] Expressed relative to the yield on fixed interest gilts (the annual yield at the 10-year tenor on the Bank of England spot curve). This yield was 3.8% at 31 December 2022. Net of management fees.
[2] 16% allocation as at 31 December 2022, this will reduce over time as the funds pay out. Due to be paid out in full by 2027.

The expected returns shown in the above table represent long-term expectations of asset classes as a whole. In some cases, this may differ from the appointed investment manager's target performance objective. The Trustee is comfortable

IMPLEMENTATION STATEMENT (continued)

that the asset allocation sufficiently meets the expected return target for the Fund and has received advice from the Investment Consultant supporting this allocation.

Short-term returns in some asset classes may exhibit considerable variability.

Investment Structures and Mandates

The Trustee has invested in segregated accounts and limited partnerships managed by the following investment managers. All the investment managers are regulated under the Financial Services and Markets Act 2000.

Fund	Sub-Asset Class	Active / Passive	Target Allocation
Legal & General Investment Management ("LGIM")	Buy and Maintain Corporate Bonds	Partially active (Buy and Maintain)	30%
Alcentra Limited	Direct Lending	Active	16%
Partners Group	Direct Lending	Active	
Schroders	LDI	Passive	54%

Notes:
(1) The Schroders LDI and LGIM Buy and Maintain Corporate Bonds are segregated mandates and the direct lending funds (Alcentra and Partners Group) are limited partnerships.
(2) The DB Section has committed £103 million of capital to the Alcentra Fund, £66m of capital to the Partners Group 2015 Fund and £100m to the Partners Group 2018 Fund.
(3) The Alcentra Fund's investment period ended on 30 September 2019. From this date, Alcentra no longer recycles capital into new investments, however they may still call capital for top-up investments into existing holdings or to cover obligations to currency hedging and other obligations.
(4) Target allocation reflects asset allocations as at 31 March 2023. This will evolve over time as the Direct Lending pays out.

Mandate Target Returns, Objectives and Fees

The Trustee ensures the underlying manager fees are competitive

Fund	Benchmark	Objective	Fees (%p.a.)
Alcentra Clareant European Direct Lending Fund II (Unlevered)	n/a	To achieve an average Internal Rate of Return ("IRR") of 8% - 10% (net of fees)	Base: 0.90% Performance: 10% subject to return hurdle of 5% p.a.
Partners Group Private Market Strategies S.A. - Compartment 2015 (VI) Fund	3 Month UK GBP LIBOR	To outperform the benchmark by 4% - 6% (net of fees) over the Fund lifetime	Base: 0.80% Performance: 8% subject to return hurdle of 4% p.a.
Partners Group Private Market Strategies 2018 (GBP) S.C.A., SICAV-RAIF Fund	3 Month UK GBP LIBOR	To outperform the benchmark by 4% - 6% (net of fees) over the Fund lifetime	Base: 0.80% Performance: 8% subject to return hurdle of 4% p.a.

IMPLEMENTATION STATEMENT (continued)

Defined Contribution Section

There were no changes to the Defined Contribution Section only aspects of the SIP over the reporting period.

Defined Benefit and Defined Contribution Section

Over the 12-month period to 31 March 2023, following new stewardship guidance for Trustees of UK pension Fund's, the Fund's SIP was updated to further strengthen the policies around stewardship as well as reflect the changes in the DB Fund's strategic asset allocation. The additional policies added to the SIP are outlined in the table below.

Other Policies	
Voting Policy – How the Trustee expects investment managers to act on their behalf.	• The Trustee has acknowledged responsibility for the voting policies that are implemented by the Fund's investment managers on their behalf. • The Trustee is aware of its investment managers' stewardship policies and has considered alignment with their own stewardship priorities.
Engagement Policy – How the Trustee will engage with investment managers, direct assets and others about 'relevant matters'.	• The Trustee has acknowledged responsibility for the engagement policies that are implemented by the Fund's investment managers on its behalf. • The Trustee, via its investment advisers, will engage with managers about 'relevant matters' (including the Fund's stewardship priorities) at least annually. • Example stewardship activities that the Trustees have considered are listed below. o Asset manager engagement and monitoring – on an annual basis, the Trustee assesses the voting and engagement activity of its asset managers. The results of this analysis feeds into the Trustee's investment decision making • Collaborative investor initiatives – the Trustees will consider joining/ supporting collaborative investor initiatives

IMPLEMENTATION STATEMENT (continued)

Current ESG policy and approach

ESG as a financially material risk

The SIP describes the Fund's policy with regards to ESG as a financially material risk. The Trustee has updated the Fund's ESG policy which includes details of monitoring and engaging with the Fund's investment managers regarding the ESG polices.

The next section (on page 13) details our view of the managers and an evaluation of their engagement activity.

Updated Policy

Areas for engagement	Policy	Method for monitoring and engagement
Environmental, Social and Governance	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory 6. UK Stewardship Code signatory The Trustees monitor the mangers on an ongoing basis.	• The Trustee's investment managers provide annual reports on how they have engaged with issuers regarding social, environmental, and corporate governance issues. • The Trustee receives information from their investment advisers on the investment managers' approaches to engagement. • The Trustee will engage, via their investment adviser, with investment managers and/or other relevant persons about relevant matters (including the Fund's stewardship priorities) at least annually.

IMPLEMENTATION STATEMENT (continued)

The below table outlines the areas which the Fund's investment managers are assessed on when evaluating their ESG policies and engagements. The Trustee intends to review the Fund's ESG policies and engagements periodically to ensure they remain fit for purpose.

Risk Management	1. Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Fund 2. ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustee
Approach / Framework	3. The Trustee should understand how asset managers make ESG decisions and will seek to understand how ESG is integrated by each asset manager. 4. ESG factors are relevant to investment decisions in all asset classes. 5. Managers investing in companies' debt, as well as equity, have a responsibility to engage with management on ESG factors.
Reporting & Monitoring	6. Ongoing monitoring and reporting of how asset managers manage ESG factors is important. 7. ESG factors are dynamic and continually evolving; therefore the Trustee will receive training as required to develop their knowledge. 8. The role of the Fund's asset managers is prevalent in integrating ESG factors; the Trustee will, alongside the investment advisor, monitor ESG in relation to the asset managers' investment decisions.
Voting & Engagement	9. The Trustee will seek to understand each asset managers' approach to voting and engagement when reviewing the asset managers' approach. 10. Engaging is more effective in seeking to initiate change than disinvesting.
Collaboration	11. Asset managers should sign up and comply with common codes and practices such as the UNPRI & Stewardship code. If they do not sign up, they should have a valid reason why. 12. Asset managers should engage with other stakeholders and market participants to encourage best practice on various issues such as board structure, remuneration, sustainability, risk management and debtholder rights.

IMPLEMENTATION STATEMENT (continued)

ESG summary and actions with the investment managers

Manager, fund	ESG Summary	Actions identified
DB Section		
Alcentra Direct Lending Fund II ("EDL II")	Alcentra have a Responsible Investment Team who reviews the output of the quantitative ESG Scorecard and help integrate ESG into the Funds. ESG metrics are incorporated into Alcentra's quarterly reports and over the previous 12 months they have introduced dedicated ESG reports. As the existing EDL funds are fully invested, any future ESG improvements are most likely to be focused on enhanced engagements and stewardship priorities.	- Alcentra should set fund-level ESG priorities and introduce fund-level ESG policies - Alcentra to introduce engagement / stewardship objectives and milestones for portfolio companies and provide fund-level engagement data. - Alcentra should consider adopting a firm-wide net zero commitment and climate policy.
Apollo Total Return Fund	Apollo have expanded their ESG team, who work in partnership with credit investment professionals. ESG considerations are integrated into the Fund's risk management framework and due diligence process. Their internal ESG ratings system has been improved to incorporate sector-specific scoring. The Fund doesn't currently have a clear stewardship policy or priorities. However, Apollo added a sleeve for 'impact' investments to the Fund in July 2022.	- Apollo to undertake scenario analysis and understand the Fund's portfolio alignment with explicit scenario outcomes. - Apollo to establish a stewardship policy and priorities to improve engagement coverage. - Apollo should consider becoming a signatory to the 2020 UK Stewardship Code.
LGIM Buy and Maintain Credit	LGIM has a well-defined and robust firm wide ESG policy, which is strongly integrated within the due diligence process used to assess the ESG credentials within the	- LGIM to finalise specific ESG / Climate objectives for the Fund, with quantifiable and tangible targets.

IMPLEMENTATION STATEMENT (continued)

	Fund. However, there remains a lack of explicit fund-level ESG objectives. At an overall level, and guided by the central stewardship team, LGIM leverages its scale and influence to engage with companies and policymakers globally, with the aim of improving market ESG standards and best practices.	- LGIM to provide more detail of their plans to support the reduction in its carbon weighted temperature alignment and set specific KPIs. - LGIM to include fund-specific engagement activity and coverage of GHG emissions data. - LGIM should look to push towards "Impact" attributes and accreditation if practicably viable.
Partners Group PMCS 15 & 18	The Isio ESG rating for Partners Group ('PG') has been downgraded from 'Meets Criteria' to 'Partially Meets Criteria'. While PG have demonstrated growth within their ESG team and practices, they are lagging compared to peers across a number of areas, primarily reporting. PG should consider the proposed actions identified in order to improve their ESG score.	- Partners Group should identify Fund Level ESG targets. - Partners Group to provide a Diversity Report and improve diversity reporting metrics. - Partners Group to adopt engagement targets and include engagement information in quarterly reporting. - Partners Group should report on TFCD Climate Change Metrics and incorporate ESG metrics into quarterly reports.
Schroders Segregated LDI Fund	Schroders integrate ESG consideration in their counterparty selection process and have a well-established method to screen counterparties. Schroders have made some improvements to their reporting capabilities by starting to report sustainability metrics on UK gilts in Q4 2021.	- Schroders to provide ESG scores and metrics for counterparties in clients' reports. - Schroders should produce user-friendly engagement reports.
DC Section		
abrdn Sustainable Index World Equity Fund (LR Adventurous)	The Fund implements a number of ESG layers into its investment process which includes exclusionary screens and quantified ESG targets against the parent index. The fund targets percentage improvements in ESG scores as well as climate related outcomes such as carbon intensity and exposure to green revenue. The strategy benefits from input from ASI's dedicated	- abrdn to consider setting fund level social objectives. - abrdn should align the strategy with a temperature pathway. - abrdn could consider setting clear fund level engagement priorities.

IMPLEMENTATION STATEMENT (continued)

	ESG team of 20 individuals who are responsible for stewardship activities and sustainability driven research.	
Vanguard Emerging Markets Index Fund (LR Adventurous)	There is evidence of an overarching approach to ESG through the Investment Stewardship policy. However, Vanguard have limited scope incorporating ESG considerations into passive strategies.	- Vanguard to implement a structured ESG training programme for investment analysis. - Vanguard to generate metrics to calculate engagement effectiveness. - Vanguard to provide details of engagements and voting data in regular reporting.
BlackRock Market Advantage Fund (LR Adventurous & LR Diversified Growth)	The fund has aligned itself with the Paris Agreement and has set targets such as the 1.5°C temperature target and an annual average of a 7% reduction in carbon emissions intensity score. ESG considerations are also integrated into the security selection process. BlackRock have a publicly available Global Stewardship Policy and a central stewardship team.	- BlackRock to provide evidence of action taken to mitigate ESG risk of assets. - BlackRock to develop a scorecard to use as part of investment process. - BlackRock to create fund level stewardship priorities and demonstrate how engagement aligns with the priorities of the fund. - BlackRock to report ESG metrics in quarterly reports and produce data to satisfy implementation statements.
iShares Index Linked Gilt Index Fund (LR SL iShares Index Linked Gilt Index)	There are no specific policies for this fund however the BlackRock wider firm level policies still apply.	

IMPLEMENTATION STATEMENT (continued)

Engagement

As the Fund invests via fund managers, the managers provided details on their engagement actions including a summary of the engagements by category for the 12-month period to 31 March 2023.

For the DC section, we are reporting on the funds which make up the default strategy and which captures c.91% of the DC Section's assets. Given the SL iShares Index Linked Gilt Index only invests in government bonds, there are no engagement actions to report.

Fund name	Engagement summary	Commentary
DB Section		
Alcentra - Direct Lending Fund II ("EDL II")	Total Engagements: 93 Environmental: 19 Of which relating to Climate Change: 9 Natural Resource Use/Impact: 7 Social: 29 Of which relating to Conduct, Culture and Ethics: 14 Human Capital Management: 6 Governance: 10 Of which relating to Board Effectiveness – Diversity: 3 Board Effectiveness – Independence: 3 Strategy, Financial and Reporting: 35 Of which relating to Reporting: 14 Strategy/Purpose: 11	Alcentra defines engagement as the direct communication logged from management meetings, sponsor meetings and diligence reviews on environmental, social and governance matters. The manager engages with portfolio companies on ESG matters to promote their expectations as they believe their stewardship activities directly support their objective of strong, long-term investment returns for clients. An example of significant engagement includes: **Construction Conglomerate**: Alcentra worked with the board to i) strengthen the management of health and safety issues and ii) have a better view of employee's satisfaction using KPIs as a measure of success. Alcentra observed significant improvement in the company approach to health and safety as RIDDOR reportable accidents were consistently reduced. As well as this using the company's first employee survey, feedback suggested additional training would be appreciated for portfolio level management teams with funding already allocated to support this initiative.

IMPLEMENTATION STATEMENT (continued)

Partners Group - PMCS 15 and 18	Total Engagements: 7 Corporate/Strategy: 7 Of which relating to Trading update: 5 Restructuring Progress: 1 Refinancing: 1	Partners Group implements their firm wide ESG objectives through their Sustainability and ESG teams. Examples of Significant Engagements include: **Cote Bistro –** The investment manager held a board meeting with Cote Bistro to provide an update on the restructuring progress as all restructuring related workstreams finished in June 2022. Despite the challenging environment with high levels of inflation, Cote's financial performance is encouraging. Following this ongoing engagement, Cote's sales are consistently above pre-Covid levels with higher average spend per customer. **Azets** – Partners Group engaged with Azets multiple times alongside the portfolio company's sponsor to discuss refinancing of the capital structure of the company. Following this engagement, the original debt exposure was fully repaid.
LGIM Buy and Maintain Bond Mandate	LGIM currently has not yet provided details of engagement activity within the Buy & Maintain Portfolio.	LGIM do not consider engagement on a fund-by-fund basis but do actively approach ESG at a firm level. As such, LGIM do not employ a formal framework for measuring the success of an engagement, as they believe success is difficult to measure and is best reflected in the overall market value of an asset. Examples of significant engagements include: **Royal Mail Plc** – LGIM engaged with Royal Mail after identifying the lack of gender diversity on the executive committee. LGIM expanded their gender diversity policy within the UK to also include the executive committee alongside the company's board. As the portfolio company has an all-male executive committee, LGIM voted against the re-election of the director of the AGM. LGIM will continue to engage with Royal Mail as part of their stewardship activities on gender diversity through the use of voting sanctions due to the expectation of FTSE 100 companies should have at least one woman on their executive committee with this increasing to a minimum 33% over time.

IMPLEMENTATION STATEMENT (continued)

		Sumitomo Mitsui Financial Group: LGIM engaged with Sumitomo Mistui on their climate change decisions at the company. This included disclosing the company's business strategy to align LGIM's investments with the goals of the Paris Agreement Resolution and the measures to be taken to ensure the company's lending and underwriting are not used for expansion of fossil fuel supply or associated infrastructure. Shareholders resolutions were proposed and LGIM supported both resolutions which did not pass. LGIM continue to engage with the company to monitor actions and to provide assistance in their approach to net zero.
Schroders - Segregated LDI Fund	Total Engagements: 43 Environmental: 13 Of which relating to Climate Change: 5 Natural Resource Use/Impact:5 Social: 13 Of which relating to Human and labour rights: 5 Human Capital Management: 4 Governance: 7 Of which relating to Board Effectiveness Independence: 5 Shareholder Rights: 2 Strategy, Financial and Reporting: 5 Of which relating to Capital Allocation: 5 Strategy/Purpose: 5 Other: 5	Schroders use constructive engagements with management teams at portfolio companies or assets they invest in to enhance long-term value for their clients by accelerating positive changes towards a fairer and more sustainable global economy. Schroders also engage with several leading industry groups and organisations to promote a well-functioning financial market. An example of a significant engagement: **DMO** – Schroders engaged with DMO regarding the issuance on gilts focusing on their supply and liquidity as well as further issuance of green gilts. Schroders held multiple 1-on-1 meetings with DMO to provide insight on potential supply/demand imbalances. Following this engagement, Schroders have had positive interactions with both the DMO and wider participants on supply and demands dynamics in the gilt markets which provides further stability for LDI clients.
DC Section – Default Funds		
abrdn Sustainable Index World Equity Fund (LR Adventurous)	Total Engagements: 449 Environmental: 264 Social: 179 Governance: 211	abrdn integrate and appraise ESG factors into their investment process. They are committed to exercising responsible ownership with a conviction that companies adopting improving practices in corporate governance and risk management will

IMPLEMENTATION STATEMENT (continued)

		be more successful in their core activities and deliver enhanced returns to shareholders. To achieve this they seek to understand each company's specific approach to governance, engage with management and non-executive directors and consider the material risks and opportunities. abrdn strive to meet with the management and directors of their investee companies on a regular basis to discuss strategic, operational, and ESG issues and consider the long-term drivers of value.
Vanguard Emerging Markets Index Fund (LR Adventurous)	Total Engagements: 46 Board Composition: 33 Executive Compensation: 13 Oversight of Strategy and Risk: 37 Shareholder Rights: 6 The above categorisation of engagement reflects Vanguard's four pillar governance framework approach.	Vanguard believe that engagement allows them to go beyond proxy voting at a company's annual meeting and have deliberate, constructive, and results-oriented discussions with executives and directors. Details of their firm-wide engagements are published in the annual stewardship report.
BlackRock Market Advantage Fund (LR Adventurous & LR Diversified Growth)	Total Engagements: 1,282 Environmental: 596 Social: 549 Governance: 1,172	BlackRock's approach to corporate governance and stewardship is explained in their Annual Stewardship Report, which reflect five themes on which they most frequently engage companies. These are focused on board quality and effectiveness, strategy, purpose and financial resilience, incentives aligned with value creation, mitigating climate related risks, and managing natural capital and company impacts on people. BlackRock's Investment Stewardship team engages with companies to provide feedback on their practices and inform their voting including, focussing on ESG considerations where there may be a long-term impact for these companies..

IMPLEMENTATION STATEMENT (continued)

Voting (for equity/multi asset funds only)

The Trustee has acknowledged responsibility for the voting policies that are implemented by the Fund's investment managers on their behalf.

Given the DB Section does not have any equity investments, there are no voting actions to report.

For the DC section, we are reporting on the funds which make up the default strategy and which captures c.91% of the DC Section's assets. Given the SL iShares Index Linked Gilt Index does not have any equity investments, there are no voting actions to report.

As the Fund invests in pooled funds managed by various fund managers, where applicable each manager has provided details on their voting actions, including a summary of the activity covering the reporting year up to 31 March 2023. The managers were also asked for examples of any significant votes. The Trustee has adopted the managers definition of significant votes.

Fund name	Voting summary	Examples of most significant votes	Commentary
DC Section			
abrdn Sustainable Index World Equity Fund (LR Adventurous)	Votable proposals: 5,805 Proposals voted: 5,166 For votes: 4,762 Against votes: 335 Abstain votes: 69	**J Sainsbury Plc –** Advisory vote to ratify named executive officers' compensation. abrdn voted in favour of the remuneration report due to the remuneration committee's decision to take a more conservative approach in exercising downward discretion to reduce awards under both the bonus and long term incentive plan. Furthermore, executive salaries have increased less than	To supplement their own analysis, abrdn make use of the benchmark research and recommendations provided by ISS, a provider of proxy voting services. In the UK they also make use of the Investment Association's (IA) Institutional Voting Information Service. They have implemented regional voting policy guidelines with ISS which ISS applies to all meetings in order to produce customised vote recommendations. These custom recommendations help identify resolutions which deviate from abrdn's expectations. They are also used to determine votes where a company is held only in passive funds, however, within their custom policies they do specify numerous resolutions which should be referred to them for active review.

IMPLEMENTATION STATEMENT (continued)

		that of the wider workforce. abrdn have identified this as a high profile vote due to it being significant to the company's corporate governance.	Votes contrary to the recommendation of proxy adviser: 4.92%
Vanguard Emerging Markets Index (LR Adventurous)	Votable proposals: 27,807 Proposals voted: 27,149 For votes: 24,852 Against votes: 2,297 Abstain votes: 681	**Meituan –** Elect Mu Rongjun as Director. Vanguard voted against the election of Mu Rongjun due to concerns regarding the potential director's independence.	The Vanguard Investment Stewardship team votes on behalf of internally managed holdings and will utilise their own proprietary databases as well as research from external parties such as Institutional Shareholder Services (ISS), Glass Lewis, Equilar and a number of smaller research providers. Vanguard do not rely on recommendations from proxy voting providers, instead using any information given as part of an independent process to determine voting decisions. Vanguard Investment Stewardship utilises the ISS ProxyExchange platform for the execution of their votes. They have developed a robust custom policy that ISS has implemented on their behalf along with rigorous controls and oversight mechanisms to ensure the accurate application of the Vanguard policy.
BlackRock Market Advantage Fund (LR Adventurous & LR Diversified Growth)	Votable proposals: 15,578 Proposals voted: 13,599 For votes: 12,408 Against votes: 1,191 Abstain votes: 129	**Bank of Montreal –** Adopt a policy to ensure the Bank's financing is consistent with IEA's net zero emissions by 2050 scenario. BlackRock did not support this shareholder proposal because it is overly prescriptive, unduly constraining on management and board decision-making, and would limit the company's ability to support an orderly energy transition. Further, they consider the company to have made a clear	BlackRock utilise the research of proxy advisory services from Institutional Shareholder Services' (ISS) and Glass Lewis, however, do not rely solely on these inputs, with the Investment Stewardship Team determining voting decisions.

IMPLEMENTATION STATEMENT (continued)

		commitment to align their business model with the transition to a net zero economy, which includes greenhouse gas (GHG) emissions reductions targets.

IMPLEMENTATION STATEMENT (continued)

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Lloyd’s Register Superannuation Fund Association (LRSFA)

Chairman’s Annual Governance Statement

1 April 2022 to 31 March 2023

Money Purchase Section of LRSFA

1. Introduction

I am pleased to present the Trustee's Statement of Governance, covering the period 1st April 2022 to 31st March 2023, the 2022/23 Fund year ("the Fund Year").

This statement has been prepared by the Trustee of the Fund (the "Trustee") in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations ("the Administration Regulations") 1996 (as amended). It describes how the Trustee has met the statutory governance standards in relation to:

- The default arrangement(s);
- The requirements for processing financial transactions;
- The assessment of charges and transaction costs;
- Net returns of the investment options; and
- The requirement for trustee knowledge and understanding,

2. Default arrangement

As at 31 March 2023, the following arrangement was the Fund's "default arrangement" for the purposes of Administration Regulations:

- Flexible Retirement Strategy, which is a lifestyle strategy containing:
    - Lloyd's Register Adventurous Fund:
        - 63% abrdn Sustainable Index World Equity Fund
        - 30% BlackRock Market Advantage Fund
        - 7% SL Vanguard Emerging Markets Index
    - BlackRock Market Advantage Fund
    - iShares Index Linked Gilt

20 years out from the Selected Retirement Age, a member's fund is moved out of the Adventurous Fund into new holdings in the other two detailed funds. A full breakdown of the switching process is detailed in the Statement of Investment Principles.

2.1 Statement of Investment Principles

Appended to this statement is a copy of the Fund's latest Statement of Investment Principles governing decisions about investment for the purposes of the default arrangement, prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 (the "Statement of Investment Principles"). The Statement of Investment Principles ("SIP") was reviewed and updated in March 2023 by the Trustee Board. Changes include incorporating the Fund's stewardship priorities into manager monitoring and engagement as well as the addition of two new policies in relation to the investment management arrangements of the Fund, a Voting Policy and an Engagement policy.

2.2 Review of the default arrangement

The Trustee undertakes a review of the strategy and performance of the default arrangement on a quarterly basis. This includes consideration of the extent to which the default arrangement has performed in line with the aims and objectives of the SIP. Due to the market volatility and cost of living crisis, the Trustee issued a communication to members in January 2023 to encourage them to review their investment choices to ensure their arrangements were still suitable. The Trustee actively chose to retain the Fund's default arrangement.

The 2021 triennial review of the default strategy commenced in May 2021, this being three years after the last triennial review was carried out. As part of that review, the Trustee agreed to make a number of changes to the LR Adventurous Fund, which is used within the default strategy. This included disinvesting from the Standard Life Overseas Tracker Equity and Vanguard FTSE UK All Share Equity Funds and reinvesting the proceeds in the ASI Sustainable Index World Equity Fund. The rationale for these changes was to take a more global approach and investing in a sustainable fund within the equity allocation. These changes were implemented during the Fund year.

The default arrangement has an AMC of 0.33% p.a. and was reviewed against the Charge Cap regulation and was confirmed to be compliant with the regulations.

3. Requirements for processing financial transactions

The Trustee regularly monitors core financial transactions of the Fund via the Fund administrator's administration report, which is provided on a quarterly basis. These include the investment of contributions, fund switches, transfers in and out of the Fund and payments out of the Fund. As part of this monitoring, all financial transactions are measured for accuracy and timeliness against a service level agreement (SLA) put in place between the Fund and the administrator. This monitoring is carried out through the Operations Committee (a sub-committee of the Trustee) who meet and carry out this monitoring on a quarterly basis. Based upon the above, the Trustee is satisfied that the Fund's core financial transactions have been processed during the Scheme Year (covering from 1 April 2022 to 31 March 2023) promptly and accurately, within the agreed SLA and demonstrated to the Trustee on a quarterly basis. The Trustee's Annual Report and Financial Statements are independently audited annually by the Fund's auditor, Crowe U.K. LLP.

4. Assessment of member-borne charges and transaction costs

4.1 Level of member-borne charges and transaction costs

The Trustee is required to set out the on-going charges incurred by members in this Statement, which are annual management charges plus any additional fund expenses, such as custody costs, but excluding transaction costs. This is also known as the total expense ratio ("TER"). The TER is paid by the members and is reflected in the unit price of the funds.

Fund	TER (%)	Average transaction costs (%)	Total costs (%)
LR Adventurous	0.33	0.13	0.46
LR Diversified Growth	0.51	0.47	0.98
LR Emerging Markets Equity	0.41	0.26	0.67
LR Fixed Income	0.21	0.07	0.28
LR Global Equity - Passive	0.24	0.12	0.36
LR Moderate	0.31	0.14	0.45
LR Property	0.31	0.30	0.61
LR SL BlackRock Cash	0.26	0.01	0.27
LR SL iShares Index Linked Gilt Index	0.20	0.07	0.27
LR SL iShares Over 15 Year Gilt Index	0.20	0.02	0.22
LR SL iShares UK Equity Index	0.22	0.20	0.42
LR Standard Life Long Corporate Bond	0.22	0.14	0.36
LR Sustainable Investments	0.30	0.03	0.33

The Trustee is also required to disclose the level of any transaction costs. These are incurred when the Fund's investment managers buy and sell assets within funds but are exclusive of any costs incurred when members invest in and switch between funds. The charges and transaction costs have been supplied by Isio, based on information provided by Standard Life as the appointed investment platform provider. When preparing this section of the statement the Trustee has taken account of statutory guidance. Transaction costs have been obtained for each year since 2018, which is when the new requirements were introduced, as Standard Life are unable to provide longer term data. Where the transaction cost is a negative number, this means the returns on the fund have been positively affected by the transaction costs.

Illustrations about the cumulative effect of costs and charges on member savings within the Fund are set out in the Appendix.

4.2 Value assessment

In accordance with regulation 25(1) (b) of the Administration Regulations, the Trustee has assessed the extent to which the charges and transaction costs set out in 4.1 above represent good value for members.

The Trustee is committed to ensuring that members receive value for money from the Fund. The Trustee, with the support of its advisers, Isio, undertook a value for members' assessment. In addition, the Trustee's objective in respect of targeting "best member outcomes" applies when providing value for members.

In line with previous years, there were seven areas of DC governance categories that the Trustee reviewed, and a weighted score was applied to each. Using this balanced scorecard demonstrated that LRSFA should be placed in the top grouping of DC Funds based on Isio's assessment of the Fund compared to their knowledge of the wider market, with particular strengths in Fund design, contributions and associated benefits, administration and education and engagement.

The assessment which took place looked at whether the total costs of the Fund membership represent value for money. In accordance with the Pensions Regulator's DC Code of Practice, with relevant legislation available at the time of this statement, the Trustee concluded that the Fund's overall benefits and options represent value for money in comparison to the costs payable by members for the following reasons:

- Charges for the Fund's default investment strategy are below the charge cap of 0.75% per year, currently 0.33%;
- Members have access to low investment fund management charges, which the Trustee believes balances low charges with a sophisticated investment strategy;
- Members do not pay professional adviser costs or any costs associated with governing the Fund;
- There is a wide range of funds for members to invest in, including main and alternative asset classes.
- The quality of administration provided by Standard Life was of a high standard relative to other providers over the year and the Trustee now have access to an online analytics tool so they have real time access to governance information on the Fund;
- The Fund has a flexible and very competitive contribution structure;
- Members have access to Salary Exchange and the full employer National Insurance saving is passed back to the member through additional salary; and

- The Fund's communications are clear and informative, and are supplemented by the Trustee through a specialist communications consultant. It is noted that an annual member survey is carried out and the Fund has previously won two external awards for its communications.

The assessment noted that the Fund does not provide access to the full range of retirement options from within the scheme, with members having to transfer out if they wish to draw an income directly from their fund (known as Flexi Access Drawdown). A Joint Working Group made up of Trustees and Company representatives have been assessing the position and will continue to look into the options available to address the position.

5. Net investment returns

The Occupational Pension Schemes (Administration, Investment, Charges and Governance Amendment) Regulations 2021 introduces new requirements for Trustees of DC pension schemes. From 1 October 2021, the Trustee are required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges. The Trustee calculated the return on investments, having regard to the statutory guidance, as far as they were able to do so.

Below are the annualised net investment returns to 31 March 2023 for all funds where no lifestyling takes place.

Fund	1 Year (%)	*Since inception (% p.a.)
LR Adventurous Fund	-4.1	4.4
LR Diversified Growth	-9.3	-0.3
LR Emerging Markets Equity Fund	-4.8	-0.6
LR Fixed Income Fund	-24.5	-3.5
LR Global Equity	-1.3	8.8
LR Moderate Fund	-12.7	1.0
LR Property Fund	-16.9	0.4
LR SL BlackRock Cash Pension Fund	2.2	0.8
LR SL iShares Index Linked Gilt Index Pension Fund	-29.7	-4.6
LR SL iShares Over 15 Year Gilt Index Pension Fund	-30.1	-7.0
LR SL iShares UK Equity Index Pension Fund	1.7	3.2
LR Standard Life Long Corporate Bond Pension Fund	-19.6	-2.8
LR Sustainable Investments	-6.1	7.0

*Note – Since inception net investment returns from 23 September 2018 to 31 March 2023.

Below are the annualised net investment returns to 31 March 2023 for all arrangements where lifestyling takes place.

Default lifestyle

Age of member at beginning of period (years)	1 Year (%) 1 April 2022 – 31 March 2023	4 Years (% p.a.) 1 April 2019 – 31 March 2023
25	-4.1	5.5
45	-4.1	5.2
55	-5.6	2.4

Legacy lifestyles

5-year legacy

Age of member at beginning of period (years)	1 Year (%) 1 April 2022 – 31 March 2023	4 Years (% p.a.) 1 April 2019 – 31 March 2023
25	-4.1	5.5
45	-4.1	5.5
55	-4.1	5.5

10-year legacy

Age of member at beginning of period (years)	1 Year (%) 1 April 2022 – 31 March 2023	4 Years (% p.a.) 1 April 2019 – 31 March 2023
25	-4.1	5.5
45	-4.1	5.5
55	-4.1	2.0

15-year legacy

Age of member at beginning of period (years)	1 Year (%) 1 April 2022 – 31 March 2023	4 Years (% p.a.) 1 April 2019 – 31 March 2023
25	-4.1	5.5
45	-4.1	5.5
55	-9.2	1.4

Notes:

- Longer term returns (5 years) are not available from Standard Life due to the inception date of the funds

- Returns are calculated as the annual geometric mean
- Age-related returns for members in lifestyle strategies assume annual switching in the glidepath and a retirement age of 65

6. Trustee knowledge and understanding

The Trustee's own knowledge and understanding (TKU), together with the advice which is available to it through its adviser, enables it to properly exercise its functions as Trustee of the Fund. Where gaps are identified in TKU relevant training is organised and provided (please see below for relevant examples for this scheme year).

The Trustee has quarterly meetings in order to discuss legislative changes relating to pensions and trust law and requirements in order to meet its objectives. During each scheme year the Trustee, in addition to the sessions described below, meets for a training session covering a specific topic, the topics change from year to year with a continued focus on the funding principles with past years covering investment and legal scenarios.

All the key documents and policies relating to the Fund including its Trust Deed and Rules and Statement of Investment Principles, are kept electronically, are kept up to date and are available to the Board for reference at all times, and consulted as necessary, including during meetings. The Trustee reviews all documents setting out the Trustee's current policies as appropriate to ensure they have a good working knowledge of these documents.

The Trustee board have also kept their TKU up to date from attendance at a number of training sessions/seminars, both during board meetings as well as externally run sessions by advisers of the Fund. In particular, specific DC training topics discussed during the Fund year included:

- Market update including the merits of Master Trust options
- Decumulation options in trust based schemes
- Combined Code of Practice
- Investing in illiquid assets
- Value for member consultation
- DWP request for evidence on small pots

The Trustee is advised by a number of specialist advisers and regularly seeks input from them where specialist knowledge is required. The Trustee carries out a regular review of its advisers to ensure that its advisers remain appropriate to the needs of the Fund.

During the Scheme Year, the Trustee has met the requirements of sections 247 and 248 of the 2004 Act (requirements for knowledge and understanding) and will be putting in place further training requirements for the next Scheme Year by formally adopting an enhanced training schedule. The Trustee considers that the combined knowledge and understanding of its trustee directors, along with the advice it receives from its advisers, allows it to properly exercise its functions.

[redacted]

Nicholas Godden

Chairman to the Board of the Trustee

Lloyd's Register Superannuation Trustees Limited

APPENDIX

Illustrations of the effect of costs and charges

Background

The next few pages contain the required illustrations about the cumulative effect of costs and charges on member savings within the Fund over a period of time. The illustrations have been prepared having regard to statutory guidance.

As each member has a different amount of savings within the Fund and the amount of any future investment returns and future costs and charges cannot be known in advance, the Trustee has had to make a number of assumptions about what these might be. The assumptions are explained in the Notes section below the illustrations.

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future. This means that the information contained in this Chair's Statement is not a substitute for the individual and personalised illustrations which are provided to members each year by the Fund.

Key points to note

The tables below illustrate the potential impact that costs and charges might have on different investment options provided by the Fund. Not all investment options are shown - the Trustee has chosen illustrations which it believes will provide an appropriate representative sample of the different investment choices that members can make. In each of the illustrations, the "Before charges" column gives the hypothetical value of the investments if members were able to invest in funds at no cost. However, there will always be some cost to investing. This is because the organisations which manage the funds charge fees for their services, and because buying and selling the stocks and shares which drive the funds' performance also has a cost. The "After all costs and charges deducted" column reflects the performance of the funds after these costs have been deducted.

In the illustrations, we have shown the projections for the following:

1. The default lifestyle strategy
2. The fund with the highest charges (LR Diversified Growth)
3. The fund with the lowest charges (LR SL iShares Over 15 Year Gilt Index Fund)
4. The fund with the lowest expected return (LR SL BlackRock Cash)
5. The fund with the highest expected return (LR SL Sustainable Investments)

Member projections – the default lifestyle arrangement

The table sets out how the pension pot of members currently aged 20 and 46 will increase over time, with and without charges. Please see the Notes below for more details.

Active member – ongoing contributions assumed invested in the default lifestyle strategy				
	20-year-old member		46-year-old member	
Years from 31/3/23	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)
1	3,432	3,423	64,741	64,464
3	9,608	9,539	92,862	91,772
5	16,224	16,033	122,526	120,221
10	34,898	34,076	202,637	195,108
15	57,078	55,034	284,328	267,986
19	77,783	74,213	344,788	318,846
20	83,420	79,378		
25	114,707	107,655		
30	150,454	138,921		
35	189,168	171,156		
40	226,039	199,653		
45	255,241	219,312		

NOTES

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 65.
3. The starting pot size is assumed to be £500 for the 20-year-old member and £51,279 for the 46-year-old member.
4. Inflation is assumed to be 2.5% each year.
5. Gross contributions for the 20-year-old member are assumed to be £2,865 each year, this is based on a salary of £22,038 and total contributions of 13%. The 46-year-old member is assumed to contribute £11,538 each year, this is based on an average salary of £50,166 and total contributions of 23%. Contributions are assumed from the start of the projection to retirement and are assumed to increase in line with inflation at 2.5% per year.
6. Values shown are estimates and are not guaranteed.
7. The projected growth rates (gross of fees, reduced for inflation) for the default strategy at various periods to retirement are:

   3.5% for periods up to 20 years to retirement

   3.2% when a member is 15 years from retirement

   2.8% when a member is 10 years from retirement

   1.8% when a member is 5 years from retirement

   0.9% when a member is at their retirement age

   The projected growth rate is not shown for every period to retirement above. The projected growth rate which would apply at a point in time is the weighted average of the underlying funds held by the member.
8. The charges assumed for each fund are the current charges as shown in the Chair's Statement.

Individual fund projections – the funds with the highest and lowest charges

20-year-old member				
Years from 31/3/23	LR Diversified Growth		LR SL iShares Over 15 Year Gilt Index	
	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)
1	3,384	3,365	3,355	3,351
3	9,240	9,097	9,023	8,991
5	15,212	14,832	14,634	14,551
10	30,675	29,177	28,419	28,102
15	46,927	43,535	41,862	41,172
20	64,008	57,907	54,973	53,777
25	81,960	72,292	67,759	65,934
30	100,828	86,690	80,228	77,658
35	120,658	101,102	92,389	88,966
40	141,499	115,527	104,249	99,872
45	163,404	129,965	115,815	110,391

46-year-old member				
Years from 31/3/23	LR Diversified Growth		LR SL iShares Over 15 Year Gilt Index	
	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)
1	63,388	62,828	62,532	62,406
3	87,969	85,932	84,869	84,419
5	113,045	109,044	106,984	106,115
10	177,961	166,863	161,310	159,002
15	246,189	224,735	214,291	210,010
19	303,268	271,071	255,730	249,507

The tables above show the projected pots for a member aged 20 and a member aged 46 invested in the above funds. The LR Diversified Growth Fund has the highest charges of all funds available, while the LR SL iShares Over 15 Year Gilt Index has the lowest charges of all funds available. Please read the Notes below for more details around the assumptions used.

Individual fund projections – the funds with the highest and lowest expected returns

20-year-old member				
Years from 31/3/23	LR Sustainable Investments		LR SL BlackRock Cash	
	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)
1	3,451	3,445	3,336	3,331
3	9,758	9,709	8,881	8,842
5	16,645	16,506	14,260	14,160
10	36,765	36,143	27,019	26,650
15	61,838	60,233	38,849	38,072
20	93,083	89,788	49,818	48,516
25	132,020	126,046	59,989	58,066
30	180,544	170,528	69,420	66,799
35	241,012	225,100	78,164	74,784
40	316,367	292,048	86,271	82,086
45	410,273	374,182	93,789	88,764

46-year-old member				
Years from 31/3/23	LR Sustainable Investments		LR SL BlackRock Cash	
	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)
1	65,381	65,195	61,961	61,805
3	95,519	94,795	82,847	82,300
5	128,430	126,916	103,111	102,075
10	224,573	219,709	151,171	148,524
15	344,386	333,549	195,733	190,997
19	461,148	442,947	229,035	222,343

The tables above show the projected pots for a member aged 20 and a member aged 46 invested in the above funds. The LR Sustainable Investments Fund has the highest expected return of all funds available, while the LR SL BlackRock Cash has the lowest expected return of all funds available. Please read the Notes below for more details around the assumptions used.

Notes on member illustrations

1. The illustrations show the how the pots grow for a 20-year-old member (the youngest member) and a 46-year-old member (which is the average age of Scheme members). The projections are to age 65 (i.e. in 45 and 19 years' time respectively).
2. The starting pot size for the 20-year-old member is assumed to be £500, which is the expected starting pot for a member who has just been auto-enrolled into the Scheme. For the member aged 46, we have used the median sized pot which is currently £51,279.
3. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
4. Inflation is assumed to be 2.5% each year.
5. For the 20-year-old member, the illustrations assume ongoing contributions of £2,865 each year; this is based on a salary of £22,038 and total contributions of 13%. For the 46-year-old member, the illustrations assume ongoing contributions of £11,538 each year; this is based on an average salary of £50,166 and total contributions of 23%.
6. Salary is assumed to increase each year at the same rate as inflation.
7. Values shown are estimates and are not guaranteed.
8. Transaction costs are based on data provided by Standard Life.
9. The projected growth rates (gross of fees, reduced for inflation) for each fund are shown in the table below. These are consistent with the rates used in the Statutory Money Purchase Illustration (SMPI) Assumptions when preparing the annual benefit statements.

Fund	Return assumption above inflation (p.a.)
LR Diversified Growth	1.0%
LR SL iShares Over 15 Year Gilt Index Fund	-0.5%
LR Sustainable Investments	4.5%
LR SL BlackRock Cash	-1.5%