

Lloyd's Register Superannuation Fund Association (LRSFA)

Chairman's Annual Governance Statement

1 April 2024 to 31 March 2025

Money Purchase Section of LRSFA

1. Introduction

I am pleased to present the Trustee's Statement of Governance, covering the period 1st April 2024 to 31st March 2025, the 2024/25 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 2025, the following arrangement was the Fund's "default arrangement" for the purposes of Administration Regulations:

- Standard Life Sustainable Multi Asset Universal SLP, which is a lifestyle strategy containing:
 - Standard Life Sustainable Multi Asset Growth Pension Fund
 - Standard Life Sustainable Multi Asset Pre Retirement Pension Fund
 - Standard Life At Retirement – Universal Pension Fund

Starting 15 years before the Selected Retirement Age, investments gradually transition from the Growth Fund into the Pre-Retirement Fund. At 10 years prior to retirement, the strategy is fully allocated to the Pre-Retirement Fund, it then gradually switches into the At Retirement Fund as retirement approaches. 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.

The SIP was further updated in September 2024 to reflect the DC investment Strategy arrangements, as explained in section 2.2 below, to reflect best practice at that time and to include an illiquid policy which is a regulatory requirement from 1 October 2024.

The SIP was then updated in January 2025 to reflect the name changes that took place with two of the Standard Life Self Select Funds, that are available to DC Scheme members.

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. The Trustee also regularly monitors and reviews the suitability of the DC investment options available to members.

In Q1 2024, the Trustee initiated a triennial review of the default strategy as it had been three years since the last triennial review was carried out. As a result of that review, the Trustee decided to change the default investment option (also known as the 'low involvement option'), close the legacy lifestyles and update the self-select investment options. The Trustee, having obtained professional advice, believes the change to the default investment option will lead to better long-term outcomes for members, whilst investing sustainably and at a lower fee. In addition to this, within the new alternative lifestyles and self-select range, the Trustee is offering more choice to better meet the needs of members who wish to make their own active investment decisions.

The changes were implemented in September 2024. The default investment option changed from the LR Flexible Retirement Strategy to Standard Life's Master Trust off-the-shelf default option, Standard Life Sustainable Multi Asset Universal SLP. The legacy lifestyles were closed, and Standard Life's alternative off-the-shelf lifestyles (which have different retirement targets) were made available to members. The self-select range was enhanced by adopting Standard Life's Master Trust range, increasing the fund range from 13 to 30. This provides members who wish to make their own investment decisions more options to align with their investment needs.

The current default arrangement has a TER of 0.16 – 0.17% p.a. which 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 by Group Pensions on a quarterly basis. Based upon the above, the Trustee is satisfied that the Fund's core financial transactions have been processed during the Fund Year (covering from 1 April 2024 to 31 March 2025) 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 (%)	2024/25 transaction costs (%)	Total costs (%)
Standard Life Sustainable Multi Asset Growth Pension Fund	0.160	0.114	0.274
Standard Life Sustainable Multi Asset Pre Retirement Pension Fund	0.170	0.097	0.267
Standard Life At Retirement - Universal Pension Fund	0.170	0.075	0.245
Standard Life Sustainable Multi Asset Pre Retirement (Lump Sum) Pension Fund	0.170	0.098	0.268
Standard Life At Retirement - Lump Sum Pension Fund	0.170	0.001	0.171
Standard Life Sustainable Multi Asset Pre Retirement (Annuity) Pension Fund	0.170	0.098	0.268
Standard Life At Retirement - Annuity Pension Fund	0.160	0.049	0.209
Standard Life Sustainable Multi Asset Pre Retirement (Drawdown) Pension Fund	0.170	0.097	0.267
Standard Life At Retirement - Drawdown Pension Fund	0.170	0.075	0.245
Standard Life Active Corporate Bond (LR) Pension Fund	0.210	-0.283	-0.073
Standard Life Active Gilt (LR) Pension Fund	0.210	0.031	0.241
Standard Life Annuity Purchase (LR) Pension Fund	0.200	0.060	0.260
Standard Life ESG Sterling Corporate Bond Index (LR) Pension Fund	0.230	0.027	0.257
Standard Life Global Sukuk (LR) Pension Fund	1.090	0.367	1.457
Standard Life Global Total Return Credit (LR) Pension Fund	0.750	0.210	0.960
Standard Life Index Linked Gilt Index (LR) Pension Fund	0.200	-0.027	0.173
Standard Life Passive Corporate Bond (LR) Pension Fund	0.210	0.129	0.339
Standard Life Passive Gilt (LR) Pension Fund	0.200	-0.002	0.198
Standard Life Active Emerging Markets Equity (LR) Pension Fund	0.910	0.321	1.231
Standard Life Global Equity 50:50 (LR) Pension Fund	0.180	0.070	0.250
Standard Life Global Equity Opportunities (LR) Pension Fund	0.790	0.180	0.970
Standard Life Overseas Equity (LR) Pension Fund	0.210	0.142	0.352
Standard Life Passive Emerging Markets Equity (LR) Pension Fund	0.410	0.061	0.471
Standard Life Passive Global Equity 50:50 (LR) Pension Fund	0.180	0.002	0.182
Standard Life Passive Overseas Equity (LR) Pension Fund	0.180	0.004	0.184
Standard Life Shariah Global Equity (LR) Pension Fund	0.460	0.008	0.468
Standard Life Screened Index World Equity (LR) Pension Fund	0.190	0.053	0.243
Standard Life Active UK Equity (LR) Pension Fund	0.200	0.000	0.200
Standard Life Passive UK Equity (LR) Pension Fund	0.210	-0.024	0.186
Standard Life Screened Index UK Equity (LR) Pension Fund	0.190	0.288	0.478
Standard Life Deposit & Treasury (LR) Pension Fund	0.150	0.063	0.213
Standard Life Ethical (LR) Pension Fund	0.200	-0.074	0.126
Standard Life Global Diversified Growth (LR) Pension Fund	0.780	1.213	1.993
Standard Life Property (LR) Pension Fund	0.310	0.081	0.391
Standard Life Future Advantage 1 Pension Fund	0.190	0.041	0.231
Standard Life Future Advantage 2 Pension Fund	0.190	0.075	0.265
Standard Life Future Advantage 3 Pension Fund	0.200	0.094	0.294
Standard Life Future Advantage 4 Pension Fund	0.190	0.107	0.297
Standard Life Future Advantage 5 Pension Fund	0.180	0.123	0.303

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.

The transaction costs used in the illustrations, as defined in regulation 2(1) of the Occupational Pension Schemes (Charges and Governance) Regulations 2015, should be based on an average of the previous 5 years' transaction costs or, where data is available for fewer than 5 years, an average of transactions costs

over the years for which data is available. Where the transaction costs for a fund is a negative number for any one-year period, this is assumed to be 0 in the calculation of the average transaction costs for that fund. In practice, a negative number means the returns on the fund have been positively affected by the transaction costs. The transaction costs cover the period from 1 April 2024 to 31 March 2025. Since there is only one data point available, there has been no average calculation applied to these 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 investments, contribution and associated benefits, administration and education and engagement. The VFM undertaken for 2025 increased slightly as a result of the review of the DC investment range during Q3 2024 which improved the range of the investment options for members and enabled integration of ESG considerations into the funds available

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 0.16 - 0.17%;
- 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 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. An annual survey is carried out online with active members only.

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). The Trustee keeps this under review and is aware of the Pension Schemes Bill which will require the Trustees to offer post-retirement solutions to members and this will be addressed as part of the Long-Term planning of the LRSFA.

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 Trustees 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 2025 for all funds where no lifestyling takes place.

Fund	6 Months (%)	1 Year (%)
Standard Life Sustainable Multi Asset Growth Pension Fund	-0.1	4.3
Standard Life Sustainable Multi Asset Pre Retirement Pension Fund	0.2	4.6
Standard Life At Retirement - Universal Pension Fund	0.5	4.7
Standard Life Sustainable Multi Asset Pre Retirement (Lump Sum) Pension Fund	0.2	4.5
Standard Life At Retirement - Lump Sum Pension Fund	2.3	5.1
Standard Life Sustainable Multi Asset Pre Retirement (Annuity) Pension Fund	0.2	4.6
Standard Life At Retirement - Annuity Pension Fund	-3.4	-2.3
Standard Life Sustainable Multi Asset Pre Retirement (Drawdown) Pension Fund	0.2	4.6
Standard Life At Retirement - Drawdown Pension Fund	0.5	4.6
Standard Life Active Corporate Bond (LR) Pension Fund	0.1	-
Standard Life Active Gilt (LR) Pension Fund	-2.9	-
Standard Life Annuity Purchase (LR) Pension Fund	-3.4	-
Standard Life ESG Sterling Corporate Bond Index (LR) Pension Fund	0.4	-
Standard Life Global Sukuk (LR) Pension Fund	-0.8	-
Standard Life Global Total Return Credit (LR) Pension Fund	1.7	-
Standard Life Index Linked Gilt Index (LR) Pension Fund	-9.0	-
Standard Life Passive Corporate Bond (LR) Pension Fund	0.1	-
Standard Life Passive Gilt (LR) Pension Fund	-3.3	-
Standard Life Active Emerging Markets Equity (LR) Pension Fund	-5.3	-
Standard Life Global Equity 50:50 (LR) Pension Fund	2.6	-
Standard Life Global Equity Opportunities (LR) Pension Fund	-7.1	-
Standard Life Overseas Equity (LR) Pension Fund	0.9	-
Standard Life Passive Emerging Markets Equity (LR) Pension Fund	0.2	-
Standard Life Passive Global Equity 50:50 (LR) Pension Fund	2.5	-
Standard Life Passive Overseas Equity (LR) Pension Fund	1.1	-
Standard Life Shariah Global Equity (LR) Pension Fund	-2.2	-
Standard Life Screened Index World Equity (LR) Pension Fund	-0.2	-
Standard Life Active UK Equity (LR) Pension Fund	3.9	-
Standard Life Passive UK Equity (LR) Pension Fund	3.6	-
Standard Life Screened Index UK Equity (LR) Pension Fund	2.6	-
Standard Life Deposit & Treasury (LR) Pension Fund	2.4	-
Standard Life Ethical (LR) Pension Fund	-3.6	-

Standard Life Global Diversified Growth (LR) Pension Fund	0.8	-
Standard Life Property (LR) Pension Fund	2.7	-
Standard Life Future Advantage 1 Pension Fund	0.4	4.2
Standard Life Future Advantage 2 Pension Fund	0.5	4.6
Standard Life Future Advantage 3 Pension Fund	0.3	4.6
Standard Life Future Advantage 4 Pension Fund	0.0	4.5
Standard Life Future Advantage 5 Pension Fund	-0.1	4.3

Note: Since the funds were only introduced in September 2024, actual net investment returns are presented for the 6 Month period to 31 March 2025 for all funds available. 1 Year performance for the “Growth”, “Pre-Retirement”, “At-Retirement” and “Future Advantage” funds is included only for indicative purposes and does not reflect actual returns achieved by members in the Fund.

Below are the annualised net investment returns to 31 March 2025 for all arrangements where lifestyling takes place.

Default lifestyle

Age of member at beginning of period (years)	6 Months (%)	1 Year (%)
	1 October 2024 – 31 March 2025	1 April 2024 – 31 March 2025
25	-0.1	4.3
45	-0.1	4.3
55	0.2	4.6

Notes: Since the funds were only introduced in September 2024, actual net investment returns are presented for the 6 Month period to 31 March 2025. 1 Year performance is included only for indicative purposes and does not reflect actual returns achieved by members in the Fund. 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. Asset Allocation Disclosure

Trustees are required to disclose a breakdown of the asset allocation of the default investment strategy for the scheme. The below table sets out the asset allocation of the default across the core asset classes noted as:

- Cash
- Bonds
- Listed Equities
- Private Equities
- Infrastructure
- Property
- Private debt
- Other (any assets which do not fall into the above)

Within the below table, the Trustees have provided a further breakdown within some of these broader categories.

Asset Class	Strategic Asset Allocation (%)
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	25 year old	45 year old	55 year old	1 day prior to State pension age
Cash				5.0
Bonds	14.4	14.4	38.3	55.9
<i>Fixed Interest Government bonds</i>	0.7	0.7	1.1	4.0
<i>Index-linked government bonds</i>	0.7	0.7	2.2	1.5
<i>Investment grade bonds</i>	8.5	8.5	26.2	40.5
<i>Non-investment grade bonds</i>	4.6	4.6	8.7	9.9
<i>Securitised credit</i>				
Listed equities	79.4	79.4	56.3	34.5
<i>UK equities</i>	5.8	5.8	4.1	2.5
<i>Developed Market equities</i>	65.7	65.7	46.3	28.5
<i>Emerging markets</i>	7.9	7.9	5.8	3.5
Private equities				
<i>Venture capital</i>				
<i>Growth equity</i>				
<i>Buyout / Leveraged funds</i>				
Infrastructure				
Property	6.2	6.2	5.4	4.6
Private debt				
Other				
Total	100.0	100.0	100.0	100.0

Note: Asset allocations based on fund holdings of the default strategy as at 31 March 2025.

7. 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 Fund 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 Fund 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:

- General Code of Practice
- Abolition of the Lifetime Allowance
- New Value for Money Framework
- Pensions Dashboards
- Member Nominated Trustee processes
- Inheritance tax
- The Pensions Regulator's Trustee Toolkit

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 Fund 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.



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 (Standard Life Global Diversified Growth (LR) Pension Fund)
3. The fund with the lowest charges (Standard Life At Retirement - Lump Sum Pension Fund)
4. The fund with the lowest expected return (Standard Life Deposit & Treasury (LR) Pension Fund)
5. The fund with the highest expected return (Standard Life Passive Global Equity 50:50 (LR) Pension Fund)

Member projections – the default lifestyle arrangement

The table sets out how the pension pot of members currently aged 19 and 45 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				
	19-year-old member		45-year-old member	
Years from 31/3/25	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)
1	2,947	2,942	52,360	52,239
3	7,670	7,636	83,937	83,439
5	12,730	12,639	117,764	116,685
10	27,013	26,626	213,251	209,687
15	43,976	43,021	318,032	310,416
20	64,124	62,237	419,654	406,705
25	88,052	84,760		
30	116,472	111,158		
35	150,226	142,117		
40	186,727	175,110		
46	224,087	208,018		

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 £704 for the 19-year-old member and £37,367 for the 45-year-old member.
4. Inflation is assumed to be 2.5% each year.
5. Gross contributions for the 19-year-old member are assumed to be £2,180 each year, this is based on a salary of £16,770 and total contributions of 13%. The 45-year-old member is assumed to contribute £13,451 each year, this is based on an average salary of £58,484 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
 - 3.5% when a member is 15 years from retirement
 - 3.5% when a member is 10 years from retirement
 - 2.5% when a member is 5 years from retirement
 - 1.5% 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

19-year-old member				
Years from 31/3/25	Standard Life Global Diversified Growth (LR) Pension Fund (Highest Charging Fund)		Standard Life At Retirement - Lump Sum Pension Fund (Lowest Charging Fund)	
	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)
1	2,911	2,876	2,875	2,872
3	7,425	7,186	7,185	7,165
5	12,075	11,454	11,452	11,400
10	24,325	21,941	21,933	21,742
15	37,521	32,173	32,156	31,742
20	51,737	42,155	42,125	41,411
25	67,052	51,893	51,847	50,760
30	83,550	61,394	61,329	59,800
35	101,324	70,662	70,576	68,541
40	120,471	79,705	79,594	76,992
46	141,098	88,527	88,389	85,164

45-year-old member

Years from 31/3/25	Standard Life Global Diversified Growth (LR) Pension Fund (Highest Charging Fund)		Standard Life At Retirement - Lump Sum Pension Fund (Lowest Charging Fund)	
	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)
1	51,479	50,601	50,598	50,523
3	80,343	76,874	76,862	76,570
5	110,078	102,888	102,863	102,269
10	188,408	166,810	166,738	165,024
15	272,792	229,173	229,033	225,702
20	363,698	290,013	289,785	284,373

The tables above show the projected pots for a member aged 19 and a member aged 45 invested in the above funds. The Standard Life Global Diversified Growth (LR) Pension Fund has the highest charges of all funds available, while the Standard Life At Retirement - Lump Sum Pension Fund 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

19-year-old member				
Years from 31/3/25	Standard Life Passive Global Equity 50:50 (LR) Pension Fund (Highest Returning Fund)		Standard Life Deposit & Treasury (LR) Pension Fund (Lowest Returning Fund)	
	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)
1	2,947	2,944	2,875	2,872
3	7,670	7,648	7,185	7,160
5	12,730	12,669	11,452	11,387
10	27,013	26,756	21,933	21,695
15	43,976	43,339	32,156	31,640
20	64,124	62,864	42,125	41,236
25	88,052	85,850	51,847	50,495
30	116,472	112,911	61,329	59,428
35	150,226	144,771	70,576	68,047
40	190,314	182,279	79,594	76,363
46	237,927	226,438	88,389	84,387

45-year-old member				
Years from 31/3/25	Standard Life Passive Global Equity 50:50 (LR) Pension Fund (Highest Returning Fund)		Standard Life Deposit & Treasury (LR) Pension Fund (Lowest Returning Fund)	
	Before charges (£)	After all costs and charges deducted (£)	Before charges (£)	After all costs and charges deducted (£)
1	52,360	52,280	50,598	50,504
3	83,937	83,606	76,862	76,497
5	117,764	117,046	102,863	102,122
10	213,251	210,853	166,738	164,601
15	326,660	321,292	229,033	224,884
20	461,354	451,313	289,785	283,048

The tables above show the projected pots for a member aged 19 and a member aged 45 invested in the above funds. The Standard Life Passive Global Equity 50:50 (LR) Pension Fund has the highest expected return of all funds available, while the Standard Life Deposit & Treasury (LR) Pension Fund 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 19-year-old member (the youngest member) and a 45-year-old member (which is the median age of Scheme members). The projections are to age 65 (i.e. in 46 and 20 years' time respectively).
2. The starting pot size for the 19-year-old member is assumed to be £704, which is the expected starting pot for a member who has just been auto-enrolled into the Scheme. For the member aged 45, we have used the median sized pot which is currently £37,367.
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 19-year-old member, the illustrations assume ongoing contributions of £2,180 each year; this is based on a salary of £16,770 and total contributions of 13%. For the 45-year-old member, the illustrations assume ongoing contributions of £13,451 each year; this is based on an average salary of £58,484 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.)
Standard Life Sustainable Multi Asset Growth Pension Fund	3.50%
Standard Life Sustainable Multi Asset Pre Retirement Pension Fund	3.50%
Standard Life At Retirement – Universal Pension Fund	1.50%
Standard Life Global Diversified Growth (LR) Pension Fund	1.50%
Standard Life At Retirement - Lump Sum Pension Fund	-0.50%
Standard Life Passive Global Equity 50:50 (LR) Pension Fund	3.50%
Standard Life Deposit & Treasury (LR) Pension Fund	-0.50%

Lloyds Register Superannuation Fund Association

Statement of Investment Principles (“SIP”)

Adopted with effect from January 2025

Purpose of this Statement

This SIP has been prepared by the Lloyds Register Superannuation Trustees Limited (“The Trustee”) as Trustee of the Lloyds Register Superannuation Fund Association (the “Fund”). The Fund has both a Defined Benefit (“DB”) Section and a Defined Contribution (“DC”) Section. This statement sets out the principles governing the Trustee’s decisions to invest the assets of the Fund. Details on the Fund’s DB and DC Section investment arrangements are set out in the respective sections of this document below. Specific details of the underlying arrangements are included within Appendix A and B respectively.

Governance

- 1) In the DB Section the Trustee sets the overall asset allocation. This will be reviewed as part of the Fund’s actuarial valuation process, and also in the interim if appropriate.
- 2) In the DC Section the Trustee makes a default option and wider self-select range (including individual funds and alternative lifestyle strategies) available to Members.
- 3) When making such decisions, and when appropriate, the Trustee takes proper written advice. The Trustee’s Investment Consultant, Isio Group Limited/Isio Services Limited, are qualified by their ability in and practical experience of financial matters, and have the appropriate knowledge and experience. The Investment Consultant’s remuneration may be a fixed fee or based on time worked, as negotiated by the Trustee in the interests of obtaining best value for the Fund.
- 4) No change will be made without first consulting the Sponsor, Lloyds Register Group Limited, and considering the written advice from the Investment Consultant. However, the ultimate power and responsibility for deciding investment policy lies solely with the Trustee.
- 5) The Trustee has set up an Investment Committee, which is governed by an agreed Terms of Reference, in order to provide appropriate focus to the DB and DC Section investment arrangements. Day-to-day investment decisions are delegated to the investment managers subject to defined tolerances relative to their respective mandates.

Investment Management Arrangements

In October 2024, the Trustee purchased a buy-in policy with Standard Life to insure all of the DB Section’s liabilities. A small amount of residual DB assets are being retained in cash-like instruments alongside the buy-in policy. There is also a small illiquid holding that will run on until fully distributed.

The Trustee has appointed an insurer and several investment managers to manage the assets of the Fund as listed in the SIP. The investment managers are regulated under the Financial Services and Markets Act 2000.

All decisions about the day-to-day management of the assets have been delegated to the investment managers via a written agreement. The delegation includes decisions about:

- Selection, retention and realisation of investments including taking into account all financially material considerations in making these decisions;
- The exercise of rights (including voting rights) attaching to the investments;
- Undertaking engagement activities with investee companies and other stakeholders, where appropriate.

The Trustee takes investment managers' policies into account when selecting and monitoring managers. The Trustee also takes into account the performance targets the investment managers are evaluated on. The investment managers are expected to exercise powers of investment delegated to them, with a view to following the principles contained within this statement, so far as is reasonably practicable.

Within the DC Section, the Trustee has appointed a DC provider who will facilitate the provision of the various investment managers and funds that make up the default and the self-select range.

Investment Manager Monitoring and Engagement

The Trustee monitors and engages with the Fund's investment managers and other stakeholders on a variety of issues. Below is a summary of the areas covered and how the Trustee seeks to engage on these matters with investment managers.

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Performance, Strategy and Risk	• The Trustee receives a quarterly performance report which details information on the underlying investments' performance, strategy and overall risks, which are considered at the relevant IC meeting. • The Fund's investment managers are invited, in person, to present to the Trustee on their performance, strategy and risk exposures.	• There are significant changes made to the investment strategy. • The risk levels within the assets managed by the investment managers have increased to a level above and beyond the Trustee's expectations. • Underperformance vs the performance objective over the period that this objective applies.

Environmental, Social, Corporate Governance factors and the exercising of rights	• 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.	• The manager has not acted in accordance with their policies and frameworks (including stewardship priorities). • The manager’s policies are not in line with the Trustee’s policies in this area.
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The Environmental, Social and Governance Policy can be found in Appendix E.

Through the engagement described above, the Trustee will work with the investment managers to improve their alignment with the above policies. Where sufficient improvement is not observed, the Trustee will review the relevant investment manager’s appointment and will consider terminating the arrangement.

Employer-related investments

The policy of the Trustee is not to hold any direct employer-related investments as defined in the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005. This includes investment in any subsidiary of the Sponsor or in property leased to or owned by the Sponsor or its subsidiaries. The Trustee monitors this on an ongoing basis to ensure compliance.

Direct investments

Direct investments, as defined by the Pensions Act 1995, are products purchased without delegation to an investment manager through a written contract. When selecting and reviewing any direct investments, the Trustee will obtain appropriate written advice.

Compliance

This Statement has been prepared in compliance with the Pensions Act 1995, the Pensions Act 2004, and the Occupational Pension Schemes (Investment) Regulations 2005. The Statement is reviewed at least every three years, and without delay after any significant change in the investment arrangements.

Defined Benefit Section

DB Section risk management

In October 2024, the Trustee purchased a buy-in policy with Standard Life to insure all of the DB Section's liabilities. This has effectively removed all the investment risk (and longevity risk) from the Fund and has enhanced the security of members' benefits.

A detailed list of the risks considered is provided in Appendix C.

Manager structure

The main asset of the DB Section of the Fund is the buy-in policy held with Standard Life. This is not a tradable asset. A small legacy arrangement in the DB Section that sits outside of the buy-in is in the process of running on and will terminate once all distributions are made.

Defined Contribution Section

Investment Objective

The Trustee aims to offer a suitably wide choice of funds and lifestyle options from which members of the DC Section of the Fund may select one or more in which to invest their contributions. The Trustee also aims to offer a default investment option which is expected to be broadly appropriate for the circumstances of the majority of members.

The funds within the DC Section are also available to DB Section members who wish to pay Additional Voluntary Contributions (“AVCs”) to enhance their benefits.

Risk

The Trustee recognises the key risk is that members will have insufficient pension savings or an income that does not meet their expectations. The Trustee considers these risks when designing the investment options and strategy for the DC Section of the Fund. The Trustee considers the following risks as part of considering the structure of the DC Section:

- **Expectations:** Risk of not meeting the reasonable expectations of members, bearing in mind members’ contributions and fund choices
- **Loss aversion:** Risk of loss to a member’s fund value from period to period and the subsequent impact on their behaviour
- **Diverse membership:** Risk of the default investment option being unsuitable for the requirements of some members
- **Fund manager risk:** A fund manager may not achieve their objectives
- **Operational risk:** The risk of fraud, poor advice or acts of negligence
- **Political risk:** The legislative and tax environment could change from the environment in which the investment strategy was designed
- **Cost risk:** The costs of administering and investing the assets exceeds the anticipated cost
- **Environmental, Social and Governance risk:** Management of the Fund assets with regard to Environmental, Social and Governance factors, including but not limited to climate change which can impact the performance of the Fund’s investments.

Due to the complex and interrelated nature of these risks, the Trustee considers these risks in a qualitative and a quantitative manner.

- The Trustee’s policy is to regularly qualitatively review the range of funds offered and the suitability of the default arrangement
- The Trustee also measures risk in terms of the performance of the assets compared to the respective benchmarks on a quarterly basis

Performance measurement

Whilst the Trustee is not involved in the day-to-day operation of the funds and therefore cannot directly influence attainment of the performance target, the Investment Committee along with their investment consultant, will regularly assess performance of the funds and review their inclusion in the DC Section. The investment managers set performance objectives or benchmarks for each of the Plan's funds. The Trustee considers these investment performance objectives and benchmarks to be appropriate to assess each fund's performance against. The investment objectives will be treated as a target only and will not be considered as an assurance or guarantee of the performance. However, the Trustee expects passive funds to perform broadly in line their benchmark (within a reasonable range of tolerance) and for active funds to outperform their respective benchmarks over the longer-term.

Realisation of investments

The assets of each member's Personal Account are held in unitised investment funds that can be realised to provide pension benefits on retirement, or earlier if required.

Fund charges

Each member will pay fund charges directly within the fund in which they choose to invest. The level of fund charges a member pays will depend on the specific funds in which they invest. The Trustee ensures that the charges are competitive and makes members aware of them in the DC Section investment guide.

Illiquid Assets Policy

From 1 October 2023 the Trustees are required to state its policy on investing in illiquid assets for the Fund's default investment arrangement. As defined by the Pensions Regulator, illiquid assets are those that cannot easily or quickly be sold or exchanged for cash and include any such assets held in a collective investment scheme.

The Trustees recognise the potential benefits from illiquid investments (assets of a type which cannot easily or quickly be sold or exchanged for cash), including improved diversification and enhanced risk adjusted returns.

Illiquid assets are currently held within the Fund's default arrangement through a direct allocation to property, predominantly UK commercial property, and indirectly to global real estate through collective investment schemes.

The current investment in illiquid assets is the result of the default arrangement's strategic asset allocation. Allocations to illiquids are held during all phases of the default lifestyle profile, with the global real estate exposure starting to reduce slightly once members are 15 years from their retirement age.

While the Trustees' policy on investing in illiquids is currently limited to investments in property, the Trustees will keep this policy under review, considering whether to, and if so, how to expand the type and range of illiquid assets in which it invests in the future. This decision will be taken in conjunction with the DC provider given the Fund uses an "off-the-shelf" approach for its default arrangement.

Default Arrangement

For members who do not make an investment choice, and also for those who specifically choose, the Trustee invests their assets in the default lifestyle option. This option focuses on growing assets in the early years primarily through a large allocation to equities. As investors approach retirement, their investments are gradually and automatically moved into lower risk funds. This option is suitable for most members as it offers them the flexibility to take their pension pot the way they want when they retire.

Alternative Annuity / Lump Sum / Drawdown Lifestyle Options

The Trustee also offers a further three alternative lifestyle options, offering members alternative lifestyle options which may be suitable for members planning to purchase an annuity or take their investments as cash or income drawdown at retirement. The main default option is structured around targeting flexible retirement.

Self-Select

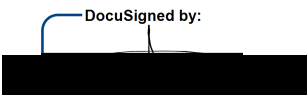
For members who want to make their own investment decisions, the Trustee offers a range of self-select funds. This option does not offer the member automatic de-risking, it is up to the member to make sure their investments meet their long-term objectives.

More detail relating to the investment arrangements can be found in Appendix B. Members can also find further information on the full range of options on Standard Life's online platform.

Legacy AVC arrangements

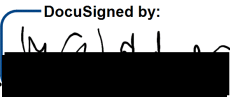
Some members have legacy AVC arrangements with Standard Life. The Trustee monitors these on a regular basis.

For and on behalf of Lloyds Register Superannuation Trustees Ltd as Trustee of the Lloyds Register Superannuation Fund Association.

Signed:  Name (Print): ... 

Date: 

For and on behalf of Lloyds Register Group Limited.

Signed:  Name (Print): ... 

Date: 

Appendix A: Defined Benefit Section

Investment strategy

The Fund's current investment strategy is to hold a buy-in policy with Standard Life which will meet all future liability cashflows from the DB Section of the Fund.

Investment structure and mandates

In addition to the buy-in the Fund holds a small legacy illiquid mandate (the Partners Group Private Market Strategies S.A. - Compartment 2015 (VI) Fund) which is in the process of running on and does not form part of the strategic allocation. All the investment managers are regulated under the Financial Services and Markets Act 2000.

Appendix B: Defined Contribution Section

Default Investment Option

The default investment option (also known as the low-involvement option) is the Sustainable Multi Asset Universal Strategic Lifestyle Profile.

This lifestyle profile aims to provide investment growth in the initial stage of the lifestyle (15+ years from retirement). It then automatically switches into other funds that are lower risk as a member approaches retirement offering them the flexibility to take their pension pot the way they want when they retire.

The funds used in the lifestyle profile, their objectives and the investment strategy are shown below.

Key	Fund Name	Objective	TER (% p.a.)
	Standard Life Sustainable Multi Asset Growth Pension Fund	This fund is designed to deliver long-term growth as part of a lifestyle profile. The fund will invest through other funds, selected from across the industry and these funds will predominantly invest in equities.	0.16
	Standard Life Sustainable Multi Asset Pre Retirement Pension Fund	This fund is designed to be used as part of a lifestyle profile and helps support the derisking phase with a combination of funds aiming to provide investment growth and other funds that are considered appropriate if you’ve yet to decide how you want to take your retirement income or if you want to take a flexible income.	0.16
	Standard Life At Retirement – Universal Pension Fund	This fund is designed to be used in the final stage of a lifestyle profile and invests into funds that are considered appropriate if you’ve yet to decide how you want to take your retirement income or if you want to take a flexible income.	0.17

TER correct as at 28 June 2024.



Alternative Strategic Lifestyles

Acknowledging that there are different ways you can take your money when you retire, there are three alternative strategic lifestyle profiles available that member can choose from.

Profile Name	Objective	TER (% p.a.)
Sustainable Multi Asset Annuity SLP	This lifestyle profile aims to provide investment growth in the initial stage of the lifestyle (15+ years from retirement) by investing in the same funds as the Sustainable Multi Asset Universal (SLP). As you move towards retirement, it automatically switches into other funds that are considered appropriate if you plan to set up a guaranteed income for life (an annuity) with your pension.	0.16
Sustainable Multi Asset Lump Sum SLP	This lifestyle profile also aims to provide investment growth in the initial stage of the lifestyle (15+ years from retirement) by investing in the same funds as the Sustainable Multi Asset Universal (SLP). As you move towards retirement date, it automatically switches into other funds that are considered appropriate if you plan to take all of your pension pot as one lump sum.	0.16-0.17
Sustainable Multi Asset Drawdown SLP	This lifestyle profile also aims to provide investment growth in the initial stage of the lifestyle (15+ years from retirement) by investing in the same funds as the Sustainable Multi Asset Universal (SLP). As you move towards retirement date, it automatically switches into other funds that are considered appropriate if you plan to take your money as a flexible income (known as drawdown).	0.16

TER correct as at 28 June 2024.

Standard Life's Future Advantage Pension Funds

The Future Advantage range consists of five risk-rated funds. Each fund is designed to match a different attitude to risk – 1 being lowest and 5 being highest. Generally, the higher the risk the greater the potential return, and the lower the risk the lower the potential return. However, even the lowest risk fund can still fall in value.

These funds will place your money in different types of investments, some of which will make responsible investment considerations. The level of responsible investment will vary across these funds with more information available in the fund factsheets.

Fund Name	TER (% p.a.)
Standard Life Future Advantage 1 Pension Fund	0.19
Standard Life Future Advantage 2 Pension Fund	0.19
Standard Life Future Advantage 3 Pension Fund	0.18
Standard Life Future Advantage 4 Pension Fund	0.18
Standard Life Future Advantage 5 Pension Fund	0.18

TER correct as at 28 June 2024.

Other Self-Select Funds

For members who would like to select their own investments, the Trustee has made a range of self-select funds available. These funds are set up as “white labelled” funds which means

that changes can be made to the underlying funds whilst the overall fund the member is invested in stays the same. The Trustee will review and consult with its advisers on the future make-up of each fund which may result in changes being made from time to time.

Fund Name	TER (% p.a.)
Bonds	
Standard Life Active Corporate Bond (LR) Pension Fund	0.21
Standard Life Active Gilt (LR) Pension Fund	0.20
Standard Life Annuity Purchase (LR) Pension Fund	0.20
Standard Life ESG Sterling Corporate Bond Index (LR) Pension Fund	0.23
Standard Life Global Sukuk (LR) Pension Fund	1.09
Standard Life Global Total Return Credit (LR) Pension Fund	0.75
Standard Life Index Linked Gilt Index (LR) Pension Fund	0.20
Standard Life Passive Corporate Bond (LR) Pension Fund	0.21
Standard Life Passive Gilt (LR) Pension Fund	0.20
Global Equities	
Standard Life Active Emerging Markets Equity (LR) Pension Fund	1.00
Standard Life Global Equity 50:50 (LR) Pension Fund	0.20
Standard Life Global Equity Opportunities (LR) Pension Fund	0.79
Standard Life Overseas Equity (LR) Pension Fund	0.20
Standard Life Passive Emerging Markets Equity (LR) Pension Fund	0.41
Standard Life Passive Global Equity 50:50 (LR) Pension Fund	0.17
Standard Life Passive Overseas Equity (LR) Pension Fund	0.17
Standard Life Shariah Global Equity (LR) Pension Fund	0.49
Standard Life Screened Index World Equity (LR) Pension Fund	0.19
UK Equities	
Standard Life Active UK Equity (LR) Pension Fund	0.20
Standard Life Passive UK Equity (LR) Pension Fund	0.21
Standard Life Screened Index UK Equity (LR) Pension Fund	0.19
Money Market Instruments (including cash)	
Standard Life Deposit & Treasury (LR) Pension Fund	0.15
Multi Asset	
Standard Life Ethical (LR) Pension Fund	0.20
Other	
Standard Life Global Diversified Growth (LR) Pension Fund	0.80
Property (including property securities)	
Standard Life Property (LR) Pension Fund	0.30

TER correct as at 28 June 2024.

Appendix C – Risks and Financially Material Considerations

A non-exhaustive list of risks and financially material considerations that the Trustee has taken into consideration and sought to manage, where appropriate, is shown below.

The Trustee adopts an integrated risk management approach. Please refer to the above DB and DC sections for details of the respective specific risks. The three key risks associated within this framework and how they are managed within the DB Section are stated in the table below. Whilst the buy-in effectively removes all risks from the DB Section, it is important to note that it is not a totally risk-free asset and that small residual risks do remain. These were discussed as part of the buy-in selection exercise.

Risks	Definition	Policy
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 buy-in effectively removes all investment risk from the DB Section
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. • The buy-in effectively removes all funding risk from the DB Section
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 paid into the Fund if the funding level falls below certain triggers at future valuation dates.

		The Fund can now rely on the insurer covenant (although the sponsoring company's covenant is still relevant up until any buyout)
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Both the DB and the DC Sections of the Fund are exposed to a number of underlying risks relating to the Fund's investment strategy, these are summarised below:

Risk	Definition	Policy
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.	The buy-in removes interest rate and inflation risk from the DB Section.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	The buy-in removes liquidity risk from the DB Section. Within the DC Section, liquidity risk is managed by typically offering members pooled funds that are readily redeemable in normal circumstances at reasonable prices.
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. Given the heavily regulated nature of the bulk annuity market, market risk is effectively removed from the DB Section.
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. Given the heavily regulated nature of the bulk annuity market, credit risk is effectively removed from the DB Section.
Diversification	The risk that investments are too concentrated in terms of sector, industry, sub-asset class.	Given the nature of the buy-in, diversification is not a relevant consideration in the DB Section. 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.
Custodian	The risk that the custodian misplaces Fund investments	To be measured by assessing the quality of the custodian bank: its abilities to

	that it is receiving, delivering or safekeeping.	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.
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 Trustee monitors the managers on an ongoing basis. Given the nature of the buy-in policy it is not possible to actively monitor any ESG criteria in the DB Section.
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. The buy-in policy effectively removes currency risk from the DB Section. 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.
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.

Appendix D

The Trustee has the following policies in relation to the investment management arrangements of the Fund (although applicable mostly to the DC Section):

How the investment managers are incentivised to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with them to improve performance in the medium to long-term.	• The Trustee reviews the investment managers' performance relative to medium and long-term objectives as documented in the investment management agreements. • The Trustee monitors the investment managers' engagement and voting activity on an annual basis as part of their ESG monitoring process. • The Trustee does not incentivise the investment managers to make decisions based on non-financial performance.
How the method (and time horizon) of the evaluation of investment managers' performance and the remuneration for their services are in line with the Trustee policies.	• The Trustee reviews the performance of all the Fund's investments on a net of cost basis to ensure a true measurement of performance versus investment objectives. • The Trustee evaluates performance over the time period stated in the investment managers' performance objective, which is typically 3 to 5 years. • The Trustee monitors Since Inception returns of the investment managers on a quarterly basis, as part of the ongoing quarterly monitoring. • Investment manager fees are reviewed annually to make sure the correct amounts have been charged and that they remain competitive.
The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover or turnover range.	• Within the DB Section the Trustee does not directly monitor turnover costs. However, the investment managers are incentivised to minimise costs as they are measured on a net of cost basis. • Within the DC Section the Trustee monitors turnover costs as part of the annual Chair's Statement in the Trustee Report and Accounts.
The duration of the Fund's arrangements with the investment managers	• The duration of the arrangements is considered in the context of the type of fund the Fund invests in. ○ For closed-ended funds or funds with a lock-in period the Trustee ensures the timeframe of the investment or lock-in is in line with Trustee objectives and Fund's liquidity requirements. ○ For open-ended funds, the duration is flexible and the Trustee will, from time-to-time, consider the appropriateness of these investments

	and whether they should continue to be held. ○ The purchase of the buy-in policy is a permanent investment, but this was deemed to be appropriate for the Fund given the security it provides for members' benefits.
Voting Policy - How the Trustee expects investment managers to vote on its 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 Trustee has considered are listed below. ○ 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 Trustee will consider joining/ supporting collaborative investor initiatives.

Appendix E (applicable to DC Section)

Environmental, Social and Governance Policy

The Environmental, Social and Governance (ESG) Policy has been prepared by the Lloyd's Register Superannuation Fund (the Fund) to set out its views on ESG factors. It considers how they are addressed whilst meeting the overall objective of the Trustee in respect to both the Defined Benefit (DB) and Defined Contribution (DC) Pension sections.

As part of its fiduciary duty, which includes a comprehensive approach to risk management, the Trustee recognises the need for the Fund to be a long-term responsible investor. An integrated ESG approach can better help manage risk and generate long-term, sustainable returns. Exposure to ESG factors can have a material impact on the Fund's investment performance and member outcomes. Climate change, in particular, poses a systemic risk for financial markets and investors.

Trustee ESG Beliefs

The Trustee has considered and discussed ESG to establish its ESG Policy to help underpin Trustee decision-making. The following areas represent a consensus of ESG beliefs held by the Trustees (these have been grouped into the main areas of focus for the Trustee:

Investment approach:

1. The Trustees will seek to understand how investment managers integrate ESG and climate factors into their investment process.
2. The Fund will seek to identify, assess and manage climate change risks and opportunities, to the extent possible.

Risk management:

3. Managing ESG and climate risks forms a part of the fiduciary duty of the Trustee. There is a reputational risk for the Fund if it fails to manage such risks.
4. ESG and climate factors are important for risk management and can be financially material. The investment strategy should integrate ESG considerations to the extent it does not reduce risk-adjusted returns.
5. Climate change risk poses significant investment risks which will become incrementally more severe over time. Managing climate change risk will be considered, alongside other investment risks, at all stages of the investment journey.
6. When considering how to integrate ESG considerations into the investment arrangements, the Trustee will consider the ESG priority areas of the sponsor.

Voting and engagement:

7. ESG factors are relevant to all asset classes and, whether equity or debt investments, investment managers have a responsibility to engage on ESG factors.
8. The Trustee expects its investment managers to exercise voting rights attached to Fund investments, in line with manager policies. Where manager policies diverge from the Fund stance, the Trustee will engage with the manager on such matters.

9. The Trustee believes that engaging with managers on financially material ESG factors, such as climate change factors, is more effective in initiating change, so will seek to communicate key ESG actions to managers, escalating matters as necessary. Divestment is only used as a last resort.
10. The Trustee expects investment managers to integrate the Fund's values into how they vote and engage, to the extent possible.

Reporting:

11. The Trustee expects to receive climate-related metric reporting at least annually.
12. The Trustee will develop relevant targets, in relation to the Taskforce on Climate-related Financial Disclosures (TCFD) requirements for pension schemes.
13. The Trustee will seek voting and engagement data from managers, on a regular basis.
14. The Trustee will review the ESG and climate capabilities of investment managers, on a regular basis.

Collaboration:

19. Investment managers should be actively engaging and collaborating with other market participants to raise ESG investment standards and facilitate best practices, as well as sign up and comply with common codes such as the TCFD.

Stewardship

The Trustee believes that taking an active ownership approach to include ESG factors in investments will enable the Fund to reduce overall investment risks, and taking advantage of investment opportunities, whilst generating sustainable returns.

The Trustee is aware of their investment managers' stewardship policies. The Trustee has acknowledged responsibility for the engagement policies and voting policies that are implemented by the Fund's investment managers on their behalf.

Example stewardship activities that the Trustee has considered are listed below:

- Selecting and appointing asset managers – the Trustee will consider potential managers' stewardship policies and activities
- Asset manager engagement and monitoring – the Trustee will assess the voting and engagement activity of their asset managers on an annual basis and monitor any ESG related actions on a biennial basis. The results of this analysis feeds into Trustee investment decision making.