

# **LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION (LRSFA)**

## **Report and Financial Statements for the year ended 31 March 2025**

Scheme Registration No: 100145126



# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

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# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## 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**

Mrs J Austin  
Mr J Kleinot  
Mr J Turner  
Mr D Wagstaff

#### **Member Nominated Trustee Directors**

Mr D Cronin (resigned 3 June 2024)  
Mr J Curley (appointed 20 March 2025)  
Mr M Johnson  
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  
HSBC (from October 2024)

### **Investment Managers:**

#### **Defined Benefit Section:**

Abrdn Life and Pensions Limited  
Alcentra (disinvested September 2024)  
Legal and General Investment Management Ltd  
Partners Group  
Schroders (disinvested March 2025)

#### **Defined Contribution Section:**

Standard Life

### **Custodians:**

BNY Mellon

# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## TRUSTEE AND ADVISERS (continued)

### ***Buy-in Annuity Provider :***

Phoenix Life

(appointed October 2024)

### ***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

# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2025

### *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 Investment subcommittee convened four times in the year.

Following the successful transition of DC assets to a new investment strategy and the completion of the buy-in of the DB Scheme's liabilities with Phoenix, the Investment Committee has now been dissolved and oversight of the DC Section and remaining DB assets will transfer to the Trustee Board. The LR Pension Team will continue to meet with Isio DC investment and Governance advisers quarterly and all usual reporting, monitoring and reviewing will continue as before.

An Annual General Meeting (AGM) took place on 14 May 2024. Following the rule amendment the MNT election process has now changed. Instead, a new MNT process was run in January 2025 in accordance with its revised MNT arrangements. This included pensioner members being able to stand for election.

Dermot Cronin a Member Nominated Trustee resigned with effect from 3 June 2024. John Curley a pensioner of the LRSFA was appointed as new Member Nominated Trustee at the Trustee Board meeting of 20 March 2025.

### *Membership of the Fund*

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

|                                   | <b>Active*</b> | <b>Deferred**</b> | <b>Pensioner</b> | <b>Dependent</b> | <b>Total</b> |
|-----------------------------------|----------------|-------------------|------------------|------------------|--------------|
| <b>As at 1 April 2024</b>         | <b>1,005</b>   | <b>4,154</b>      | <b>1,763</b>     | <b>476</b>       | <b>7,398</b> |
| Prior Year Adjustments            | -              | (7)               | 1                | 17               | 11           |
| <b>Revised as at 1 April 2024</b> | <b>1,005</b>   | <b>4,147</b>      | <b>1,764</b>     | <b>493</b>       | <b>7,409</b> |
| New Joiners                       | 116            | 5                 | -                | -                | 121          |
| Leavers***                        | (142)          | 142               | -                | -                | -            |
| Full commutations                 | -              | (4)               | -                | (2)              | (6)          |
| Transfers Out/Refunds             | (4)            | (139)             | -                | -                | (143)        |
| Opt outs                          | (1)            | (2)               | -                | -                | (3)          |
| Deaths                            | (1)            | (8)               | (53)             | (39)             | (101)        |
| New Pensioners/Retirements        | (3)            | (105)             | 74               | 27               | (7)          |
| <b>Net Movements</b>              | <b>(35)</b>    | <b>(111)</b>      | <b>21</b>        | <b>(14)</b>      | <b>(139)</b> |
| <b>31 March 2025</b>              | <b>970</b>     | <b>4,036</b>      | <b>1,785</b>     | <b>479</b>       | <b>7,270</b> |

# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### **Membership of the Fund (continued)**

In addition, there were 8 child's pensions, 8 individuals, as one is being paid two pensions in respect of both the mother and the father, as both were members (2024: 8).

- \* Members in service includes 84 (2024: 97) members who have protected past service rights under the Fund following the closure of the DB Section in 2010.
- \*\* Deferred members include 1,679 (2024: 1,759) 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 deferred.

At the year end there were 3,965 members (2024: Nil) that are covered by the buy-in annuity policy, which excludes 147 deferred members who have partial refund status.

### **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 2.7% from 1 April 2025 (2024: 5.0%). 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 2025 for Pre-6 April 1997 service elements in excess of GMP (2024: 0%).

### **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. As at the Fund year end one member remains in the Standard Life AVC arrangement.

### **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.

## TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### ***Transfers to and from the Fund (continued)***

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. From October 2022 transfer values including GMP were calculated on an equalised basis.

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.

### ***Benefit/Fund Changes***

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

On 11 October 2024 the Trustee purchased a buy-in annuity policy ("Policy") with Phoenix Life. In exchange for a combined premium of £701.4m all future benefit obligations for 1,713 deferred and 2,258 pensioner and dependant members were insured with Phoenix Life from this date.

The Policy is subject to a detailed 'data verification' exercise at the end of which a balancing adjustment to the initial premium paid by the Trustee will be due to, or refunded by, Phoenix Life.

The Policy does not impact the payment of member benefits which continues to be administered as normal by XPS Administration Limited.

### ***Custodial arrangements***

The remaining 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. Post year end this arrangement is in the process of being closed.

### ***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 has 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.

# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### **Financial Development of the Fund**

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

|                                            | £'000s          |
|--------------------------------------------|-----------------|
| Net assets at 31 March 2024                | 997,021         |
| Net withdrawals from dealings with members | (40,931)        |
| Net returns on investments                 | <u>(58,923)</u> |
| Net assets at 31 March 2025                | <u>897,167</u>  |

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 Group Limited  
PO Box 562  
Middlesbrough TS1 9JA  
Email: [lrsfa@xpsgroup.com](mailto:lrsfa@xpsgroup.com)

### **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  
Bedford Borough Hall  
138 Cauldwell Street  
Bedford MK42 9AB  
Tel: 0800 011 3797  
Email: [pensions.enquiries@moneyhelper.org.uk](mailto:pensions.enquiries@moneyhelper.org.uk)  
Website: [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

### **Pensions Ombudsman**

If you have a complaint concerning your Fund pension arrangements, you should first make a formal complaint to the Fund Trustee. Complaints should be addressed to the Secretary to the Trustee at the address on page 2.

If you are unhappy with the response, you can refer your complaint to The Pensions Ombudsman free of charge. The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the event(s) you are complaining about happened – or, if later, within three years of when you first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

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](mailto:enquiries@pensions-ombudsman.org.uk)  
Website: [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

You can also submit a complaint online: [www.pensions-ombudsman.org.uk/making-complaint](http://www.pensions-ombudsman.org.uk/making-complaint)



## TRUSTEE'S REPORT FOR THE YEAR ENDED 31 MARCH 2025 (continued)

### ***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](mailto:customersupport@tpr.gov.uk)

Website: [www.thepensionsregulator.gov.uk](http://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 0175

Website: [www.gov.uk/find-lost-pension](http://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/>

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 2024 to 31 March 2025, is enclosed within this Annual Report in Appendix I.

In October 2022, the Lloyd's 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 2025 (to be published no later than 31 October 2025). Please visit: <https://www.lrpensionport.co.uk/activedeferred/documents/>

In Q1 2024, the Trustee initiated a wider review of the DC Section default investment strategy and the self-select range. In September 2024, the default investment option changed from the LR Flexible Retirement Strategy to Standard Life's off the shelf default lifestyle option, Standard Life Sustainable Multi Asset Universal SLP. Legacy lifestyles were closed, with Standard Life's other off the shelf lifestyles (which have different retirement targets) made available as alternatives. The self-select range was enhanced by adopting Standard Life's Master Trust self-select range, increasing the number of funds available from 13 to 30 and expanding the asset class coverage. This should provide members who wish to make their own investment decisions, more options to align with their investment and retirement needs.

In October 2024, the Trustee agreed to restructure the DB investment strategy through the purchase of a buy-in annuity policy. The Trustee entered an insurance transaction with Standard Life / Phoenix ("Phoenix") to insure all the DB Fund's liabilities. Under the terms of the transaction, the Trustee transferred all assets to Phoenix, retaining only a small surplus.

# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## INVESTMENT REPORT (continued)

### General overview (continued)

Following the successful transition of DC assets to a new investment strategy and the completion of the buy-in annuity policy of the DB Scheme's liabilities with Phoenix, the Investment Committee has been dissolved and oversight of the DC Section and remaining DB assets will transfer to the Trustee Board. The LR Pension Team will continue to meet with Isio quarterly and all usual reporting, monitoring and reviewing will continue as before.

### Investment managers

As at 31 March 2025 the investments of the Defined Benefit Section were managed as follows:

| Manager        | Investments Managed          | 31/03/2025                          | 31/03/2024                          | 31/03/2024                          |
|----------------|------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
|                |                              | Actual % of total portfolio managed | Actual % of total portfolio managed | Expected % range of asset portfolio |
| Alcentra       | Direct Lending               | -                                   | 3.9                                 |                                     |
| Partners Group | Direct Lending               | 0.1                                 | 10.0                                | n/a                                 |
| L&G            | Buy & Maintain Credit        | -                                   | 36.9                                | 26-34                               |
| Schroders      | Liability Driven Investments | -                                   | 49.6                                | 50-67                               |
| Phoenix        | Insurance policy             | 99.9                                | n/a                                 | n/a                                 |

Actual percentage of portfolio reflects the valuation of the buy-in annuity policy and the residual assets held and currently managed by the above managers. The buy-in annuity policy valuation provides the best estimate of insured liabilities and market conditions as at 31 March 2025, gross of any reinsurance arrangements in relation to the transaction, in respect of the relevant Insured Benefits, calculated in accordance with Solvency II. No allowance has been made for Risk Margin or known membership movements. The valuation is based on a roll-forward of the individual membership data agreed as part of the transaction.

Roll-forward refers to the valuation of the initial data allowing for:

- expected deaths;
- actual inflationary increases between inception and the valuation date;
- actual lump sum payments paid out between inception and the valuation date.

Actual percentage excludes any money in the Trustee bank account and AVCs. May not sum due to rounding. The remaining Direct Lending investment is in the process of winding down and distributing capital to investors.

# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## INVESTMENT REPORT (continued)

### Performance – Defined Benefit Section

A significant proportion of the Scheme's assets are now invested in the buy-in annuity policy. Following the buy-in annuity policy completion in October 2024, the Trustee ceased calculating total Scheme performance against a benchmark after 30 September 2024. As a result, the performance reported for the year ending 31 March 2025 reflects fund returns up to 30 September 2024.

The investment managers have specific performance benchmarks. The Fund's performance against these benchmarks for the period from 31 March 2024 to 30 September 2024:

| Manager                                  | Benchmark<br>Return % | LRSFA<br>Return % | Difference<br>% |
|------------------------------------------|-----------------------|-------------------|-----------------|
| <b>Fixed Income Managers</b>             |                       |                   |                 |
| L&G – Buy & Maintain Credit              | 1.3%                  | 1.4%              | 0.1%            |
| <b>Alternative Managers</b>              |                       |                   |                 |
| Alcentra – Direct Lending                | 2.6%                  | -3.2%             | -5.8%           |
| Partners Group – Direct Lending 2015*    | 2.6%                  | 7.4%              | 4.8%            |
| Partners Group – Direct Lending 2018     | 2.6%                  | 4.1%              | 1.5%            |
| Schroders – Liability Driven Investments | -1.4%                 | -1.4%             | 0.0%            |

The Trustee completed a secondary sale of the Alcentra Direct Lending fund assets (c.£16.5m) and Partners Group Private Market Credit Strategies 2018 fund assets (c.£36.7m) in Q3 2024. The performance shown for Alcentra and PG PMCS 2018 is estimated based on the change in net asset value during the reporting period adjusted for distributions, as these assets were sold intra-day (30 September) just before the end of Q3. The proceeds from the sale were transferred to the Fund's LDI portfolio held with Schroders which was used to deleverage the Fund's LDI assets. Following completion of the buy-in annuity policy, performance calculations for the transferred assets are no longer included in this report, as investment responsibility now rests with the insurer.

The assets of LRSFA's Defined Benefit section delivered negative performance over the period (underperforming relative to its benchmark) mainly driven by the secondary sale of two of the Fund's Direct lending mandates, Partners Group PMCS 18 and Alcentra. While the Fund's allocation PMCS 15 has reduced, performance has been concentrated in fewer final and remaining holdings. Many of these investments are likely to be on the managers 'watch lists', increasing the likelihood of subdued or negative performance.

Over longer periods, the Fund outperformed its benchmark over the 5-year period but underperformed over the 3-year period, as detailed in the table below:

|                                 | 1 year<br>% | 3 years<br>% | 5 years<br>% |
|---------------------------------|-------------|--------------|--------------|
| Aggregate Performance over Fund | -1.4        | -8.9         | -4.0         |
| Benchmark                       | 0.0         | -8.4         | -4.9         |

This table details the aggregate performance of the Fund against benchmark over 1, 3 and 5 years for the period ending 31 March 2025. These are annualised rates of return. As mentioned above performance measurement ceased on 30 September, so 0% performance for the Fund's assets and benchmark is assumed from 30 September 2024 to 31 March 2025.

# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## INVESTMENT REPORT (continued)

### Market volatility

Over the 12-month period to 31 March 2025, global markets delivered mixed performance due to shifting economic dynamics, evolving interest rate policies, and geopolitical tensions.

Inflation and elevated gilt yields led to negative returns from nominal and index-linked gilts, which are expected to track the movements in the Fund's liabilities. Global high yield credit outperformed investment grade credit due to its lower sensitivity to interest rates and stronger investor demand.

Global equities delivered mixed but positive returns over the year, with US markets climbing to record highs in Q4 2024 following Trump's US election victory, before retreating in Q1 2025 as trade tensions escalated and economic data weakened.

### Assets Under Management – Defined Contribution Section

The Defined Contribution Section is administered by Standard Life. During the Fund year, the Trustee implemented a new investment strategy, Standard Life Sustainable Multi Asset Universal SLP. A bulk transfer of assets occurred on 19 September 2024. Under both the previous and current arrangements, members could select a Lifestyle Option of choice from a range of self-select investment funds.

The following table lists the funds that were available to members until the changes to the investment arrangements in Q3 2024, along with the value of DC assets in this section held within these funds for the year end 31 March 2025.

| Fund Name                                          | Value at<br>31 March 24 | Value at<br>31 March 25 | Allocation at<br>31 March 25 |
|----------------------------------------------------|-------------------------|-------------------------|------------------------------|
|                                                    | (£)                     | (£)                     | (%)                          |
| <b>Default and self-select range</b>               |                         |                         |                              |
| LR Adventurous Fund                                | 168,208,920             | 0.0                     | 0.0                          |
| LR Diversified Growth Fund                         | 42,951,361              | 0.0                     | 0.0                          |
| LR Fixed Income Fund                               | 4,061,890               | 0.0                     | 0.0                          |
| LR SL BlackRock Cash Pension Fund                  | 3,787,827               | 0.0                     | 0.0                          |
| LR SL iShares Index Linked Gilt Index Pension Fund | 8,940,326               | 0.0                     | 0.0                          |
| LR Global Equity Fund                              | 8,804,724               | 0.0                     | 0.0                          |
| LR Emerging Markets Equity Fund                    | 353,668                 | 0.0                     | 0.0                          |
| LR Sustainable Investments                         | 6,072,555               | 0.0                     | 0.0                          |
| LR SL iShares UK Equity Index Pension Fund         | 1,420,638               | 0.0                     | 0.0                          |
| LR Property Fund                                   | 392,107                 | 0.0                     | 0.0                          |
| LR Moderate Fund                                   | 685,869                 | 0.0                     | 0.0                          |
| LR SL iShares Over 15 Year Gilt Index Pension Fund | 125,827                 | 0.0                     | 0.0                          |
| LR SL Long Corporate Bond Pension Fund             | 94,253                  | 0.0                     | 0.0                          |
| <b>Total default and self-select range</b>         |                         |                         |                              |
| Pre-2015 lifestyle strategies                      | 6,609,529               | 0.0                     | 0.0                          |
| <b>Trustee Unallocated Funds *</b>                 |                         |                         |                              |
| LR Global Equity Active Fund                       | 0.0                     | 0.0                     | 0.0                          |
| LR SL BlackRock Cash Pension Fund                  | 0.0                     | 0.0                     | 0.0                          |
| <b>Total assets (excluding Trustee holdings)</b>   | <b>252,509,494</b>      | <b>0.0</b>              | <b>0.0</b>                   |

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

# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## INVESTMENT REPORT (continued)

The following table lists the funds that were made available to members in Q3 2024 following the changes to the investment arrangements and were the funds available to members as at 31 March 2025.

| Fund Name                                                                    | Value at<br>31 March 24 | Value at<br>31 March 25 | Allocation at<br>31 March 25 |
|------------------------------------------------------------------------------|-------------------------|-------------------------|------------------------------|
|                                                                              | (£)                     | (£)                     | (%)                          |
| <b>Default and self-select range</b>                                         |                         |                         |                              |
| Standard Life Sustainable Multi Asset Growth Pension Fund                    | 0.0                     | 136,134,433             | 51.2                         |
| Standard Life Sustainable Multi Asset Pre Retirement Pension Fund            | 0.0                     | 70,091,230              | 26.4                         |
| Standard Life At Retirement - Universal Pension Fund                         | 0.0                     | 42,873,334              | 16.1                         |
| Standard Life Sustainable Multi Asset Pre Retirement (Lump Sum) Pension Fund | 0.0                     | 96,953                  | 0.0                          |
| Standard Life At Retirement - Lump Sum Pension Fund                          | 0.0                     | 15,332                  | 0.0                          |
| Standard Life Sustainable Multi Asset Pre Retirement (Annuity) Pension Fund  | 0.0                     | 297,111                 | 0.1                          |
| Standard Life At Retirement - Annuity Pension Fund                           | 0.0                     | 44,563                  | 0.0                          |
| Standard Life Sustainable Multi Asset Pre Retirement (Drawdown) Pension Fund | 0.0                     | 245,049                 | 0.1                          |
| Standard Life At Retirement - Drawdown Pension Fund                          | 0.0                     | 917,400                 | 0.3                          |
| Standard Life Active Corporate Bond (LR) Pension Fund                        | 0.0                     | 132,526                 | 0.0                          |
| Standard Life Active Gilt (LR) Pension Fund                                  | 0.0                     | 129,137                 | 0.0                          |
| Standard Life Annuity Purchase (LR) Pension Fund                             | 0.0                     | 16                      | 0.0                          |
| Standard Life ESG Sterling Corporate Bond Index (LR) Pension Fund            | 0.0                     | 7,159                   | 0.0                          |
| Standard Life Global Sukuk (LR) Pension Fund                                 | 0.0                     | 10,537                  | 0.0                          |
| Standard Life Global Total Return Credit (LR) Pension Fund                   | 0.0                     | 56,635                  | 0.0                          |
| Standard Life Index Linked Gilt Index (LR) Pension Fund                      | 0.0                     | 183,669                 | 0.1                          |
| Standard Life Passive Corporate Bond (LR) Pension Fund                       | 0.0                     | 44,220                  | 0.0                          |
| Standard Life Passive Gilt (LR) Pension Fund                                 | 0.0                     | 79,890                  | 0.0                          |
| Standard Life Active Emerging Markets Equity (LR) Pension Fund               | 0.0                     | 94,876                  | 0.0                          |
| Standard Life Global Equity 50:50 (LR) Pension Fund                          | 0.0                     | 54,744                  | 0.0                          |
| Standard Life Global Equity Opportunities (LR) Pension Fund                  | 0.0                     | 228,119                 | 0.1                          |
| Standard Life Overseas Equity (LR) Pension Fund                              | 0.0                     | 569,753                 | 0.2                          |
| Standard Life Passive Emerging Markets Equity (LR) Pension Fund              | 0.0                     | 165,027                 | 0.1                          |
| Standard Life Passive Global Equity 50:50 (LR) Pension Fund                  | 0.0                     | 293,188                 | 0.1                          |
| Standard Life Passive Overseas Equity (LR) Pension Fund                      | 0.0                     | 3,476,938               | 1.3                          |
| Standard Life Shariah Global Equity (LR) Pension Fund                        | 0.0                     | 346,360                 | 0.1                          |
| Standard Life Screened Index World Equity (LR) Pension Fund                  | 0.0                     | 1,888,916               | 0.7                          |
| Standard Life Active UK Equity (LR) Pension Fund                             | 0.0                     | 566,672                 | 0.2                          |

# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## INVESTMENT REPORT (continued)

|                                                           | Value at<br>31 March 24 | Value at<br>31 March 25 | Allocation at<br>31 March 25 |
|-----------------------------------------------------------|-------------------------|-------------------------|------------------------------|
| <b>Default and self-select range</b>                      |                         |                         |                              |
| <b>Fund Name</b>                                          | (£)                     | (£)                     | (%)                          |
| Standard Life Screened Index UK Equity (LR) Pension Fund  | 0.0                     | 126,625                 | 0.0                          |
| Standard Life Deposit & Treasury (LR) Pension Fund        | 0.0                     | 1,430,783               | 0.5                          |
| Standard Life Ethical (LR) Pension Fund                   | 0.0                     | 532,222                 | 0.2                          |
| Standard Life Global Diversified Growth (LR) Pension Fund | 0.0                     | 104,161                 | 0.0                          |
| Standard Life Property (LR) Pension Fund                  | 0.0                     | 134,885                 | 0.1                          |
| Standard Life Passive UK Equity (LR) Pension Fund         | 0.0                     | 552,406                 | 0.2                          |
| Standard Life Future Advantage 1 Pension Fund             | 0.0                     | 85,203                  | 0.0                          |
| Standard Life Future Advantage 2 Pension Fund             | 0.0                     | 475,091                 | 0.2                          |
| Standard Life Future Advantage 3 Pension Fund             | 0.0                     | 829,981                 | 0.3                          |
| Standard Life Future Advantage 4 Pension Fund             | 0.0                     | 1,091,213               | 0.4                          |
| Standard Life Future Advantage 5 Pension Fund             | 0.0                     | 1,321,297               | 0.5                          |
| <b>Total assets (excluding Trustee holdings)</b>          | <b>0.0</b>              | <b>265,727,654</b>      | <b>100.0</b>                 |

### Performance – Defined Contribution Section (Previous Arrangement)

The table below shows the fund (and benchmark) performance for the DC assets under the previous investment arrangements, which were in place until 19 September 2024. Performance has been shown to 30 September 2024 due to availability of data.

|                                                    | 6 Month Performance/<br>Benchmark | 1 Year Performance/<br>Benchmark |
|----------------------------------------------------|-----------------------------------|----------------------------------|
| <b>Fund Name</b>                                   | (%)                               | (%)                              |
| <b>Default and self-select range</b>               |                                   |                                  |
| LR Adventurous Fund                                | 4.4 (4.4)                         | 17.8 (17.0)                      |
| LR Diversified Growth Fund                         | 4.9 (4.4)                         | 12.8 (8.9)                       |
| LR Fixed Income Fund                               | 0.1 (-0.6)                        | 9.9 (9.5)                        |
| LR SL BlackRock Cash Pension Fund                  | 2.5 (2.6)                         | 5.2 (5.2)                        |
| LR SL iShares Index Linked Gilt Index Pension Fund | -0.3 (-1.4)                       | 6.4 (6.4)                        |
| LR Global Equity Fund                              | 4.2 (4.5)                         | 17.6 (18.6)                      |
| LR Emerging Markets Equity Fund                    | 9.4 (10.5)                        | 15.6 (16.5)                      |
| LR Sustainable Investments                         | 2.7 (2.8)                         | 21.1 (21.4)                      |
| LR SL iShares UK Equity Index Pension Fund         | 6.3 (6.0)                         | 12.7 (13.4)                      |
| LR Property Fund                                   | 2.6 (1.9)                         | 3.5 (0.5)                        |
| LR Moderate Fund                                   | 2.8 (2.5)                         | 13.1 (12.1)                      |
| LR SL iShares Over 15 Year Gilt Index Pension Fund | 0.2 (-0.2)                        | 10.2 (10.1)                      |
| LR SL Long Corporate Bond Pension Fund             | 0.5 (0.2)                         | 13.4 (12.6)                      |

Data as at 30 September 2024.

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".

# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## INVESTMENT REPORT (continued)

### Performance – Defined Contribution Section (Current Arrangement)

The table below shows the performance of the current investment arrangements held as at 31 March 2025. Members were transitioned to the new investment arrangements during Q3 2024.

| Fund Name                                                                    | 6 Month Performance/<br>Benchmark* |
|------------------------------------------------------------------------------|------------------------------------|
| <b>Default and self-select range</b>                                         | <b>%</b>                           |
| Standard Life Sustainable Multi Asset Growth Pension Fund                    | -0.1 (-0.2)                        |
| Standard Life Sustainable Multi Asset Pre Retirement Pension Fund            | 0.2 (0.1)                          |
| Standard Life At Retirement - Universal Pension Fund                         | 0.5 (0.4)                          |
| Standard Life Sustainable Multi Asset Pre Retirement (Lump Sum) Pension Fund | 0.2 (0.4)                          |
| Standard Life At Retirement - Lump Sum Pension Fund                          | 2.3 (0.9)                          |
| Standard Life Sustainable Multi Asset Pre Retirement (Annuity) Pension Fund  | 0.2 (0.0)                          |
| Standard Life At Retirement - Annuity Pension Fund                           | -3.4 (-3.6)                        |
| Standard Life Sustainable Multi Asset Pre Retirement (Drawdown) Pension Fund | 0.2 (0.4)                          |
| Standard Life At Retirement - Drawdown Pension Fund                          | 0.5 (0.3)                          |
| Standard Life Active Corporate Bond (LR) Pension Fund                        | 0.1 (0.2)                          |
| Standard Life Active Gilt (LR) Pension Fund                                  | -2.9 (-2.6)                        |
| Standard Life Annuity Purchase (LR) Pension Fund                             | -3.4 (-3.6)                        |
| Standard Life ESG Sterling Corporate Bond Index (LR) Pension Fund            | 0.4 (0.2)                          |
| Standard Life Global Sukuk (LR) Pension Fund                                 | -0.8 (-1.7)                        |
| Standard Life Global Total Return Credit (LR) Pension Fund                   | 1.7 (4.3)                          |
| Standard Life Index Linked Gilt Index (LR) Pension Fund                      | -9.0 (-9.2)                        |
| Standard Life Passive Corporate Bond (LR) Pension Fund                       | 0.1 (0.2)                          |
| Standard Life Passive Gilt (LR) Pension Fund                                 | -3.3 (-3.2)                        |
| Standard Life Active Emerging Markets Equity (LR) Pension Fund               | -5.3 (-1.3)                        |
| Standard Life Global Equity 50:50 (LR) Pension Fund                          | 2.6 (3.3)                          |
| Standard Life Global Equity Opportunities (LR) Pension Fund                  | -7.1 (1.7)                         |
| Standard Life Overseas Equity (LR) Pension Fund                              | 0.9 (1.9)                          |
| Standard Life Passive Emerging Markets Equity (LR) Pension Fund              | 0.2 (-0.5)                         |
| Standard Life Passive Global Equity 50:50 (LR) Pension Fund                  | 2.5 (3.1)                          |



# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## INVESTMENT REPORT (continued)

### Performance – Defined Contribution Section (Current Arrangement)

#### Fund Name

#### Default and self-select range

|                                                             | %           |
|-------------------------------------------------------------|-------------|
| Standard Life Passive Overseas Equity (LR) Pension Fund     | 1.1 (1.9)   |
| Standard Life Shariah Global Equity (LR) Pension Fund       | -2.2 (-1.9) |
| Standard Life Screened Index World Equity (LR) Pension Fund | -0.2 (0.0)  |
| Standard Life Active UK Equity (LR) Pension Fund            | 3.9 (4.5)   |
| Standard Life Passive UK Equity (LR) Pension Fund           | 3.6 (4.1)   |
| Standard Life Screened Index UK Equity (LR) Pension Fund    | 2.6 (2.7)   |
| Standard Life Deposit & Treasury (LR) Pension Fund          | 2.4 (2.4)   |
| Standard Life Ethical (LR) Pension Fund                     | -3.6 (3.0)  |
| Standard Life Global Diversified Growth (LR) Pension Fund   | 0.8 (4.1)   |
| Standard Life Property (LR) Pension Fund                    | 2.7 (1.5)   |
| Standard Life Future Advantage 1 Pension Fund               | 0.4 (0.1)   |
| Standard Life Future Advantage 2 Pension Fund               | 0.5 (0.2)   |
| Standard Life Future Advantage 3 Pension Fund               | 0.3 (0.0)   |
| Standard Life Future Advantage 4 Pension Fund               | 0.0 (-0.1)  |
| Standard Life Future Advantage 5 Pension Fund               | -0.1 (-0.2) |

Data as at 31 March 2025.

\*Due to data availability, since inception performance not included. However, the current arrangements were implemented on 19 September 2024 and the performance shown above is from 30 September 2024.

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 long-term volatility (such as bond 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 starts from 15 years out from selected retirement age. The default is called Standard Life Sustainable Multi Asset Universal SLP. More information can be found on the Pensions website [www.lrpensionport.co.uk](http://www.lrpensionport.co.uk). As at 31 March 2025, 92.7% (2024: 91.7%) of Defined Contribution Section members were invested in the default option.

The Trustee Board 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, following 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



### *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.

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

Date: 29 June 2023  
Address: Lane Clark & Peacock LLP  
95 Wigmore Street  
London  
W1U 1DQ

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#### 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<br>(% of Basic Salaries) |                              | Contributions by Employers<br>(% 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.



# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## SCHEDULE OF CONTRIBUTIONS (continued)



### 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             | <p>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.</p> <p>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.</p> <p>These contributions will be due within 30 business days of the date that the relevant Plan accounts are signed.</p> <p>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.*</p> |
| 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.

# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## SCHEDULE OF CONTRIBUTIONS (continued)



This Schedule of Contributions is agreed:

on behalf of the Trustees of the LRSFA:

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

Signature:

Signature:

Name: Nicholas Godden

Name: Mary Waldner

Position: Chair of the Trustee

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

... [REDACTED] ..... (date)

**For and on behalf of the Trustee**

.. [REDACTED] .....

**Trustee Director**

.. [REDACTED] .....

**Trustee Director**

# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

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

### Opinion

We have audited the financial statements of Lloyd's Register Superannuation Fund Association for the year ended 31 March 2025 which comprise the fund account, the statement of net assets (available for benefits) and the related notes set out therein.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2025, 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.

However, as we cannot predict all future events or conditions, and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Fund will continue in operation.

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. 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.



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

### **Other information (continued)**

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

### **Responsibilities of the Trustee for the Financial Statements**

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

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 manager of investments held at the Statement of Net Assets date.
- Diversion of assets through large investment transactions. Reviewing the AAF 01/20 / ISAE 3402 Assurance Reports on Internal Controls or similar for fund managers and testing investment transactions to the investment manager reports.
- Non-receipt of contributions due to the Fund from the employer. This is addressed by testing contributions due are paid to the Fund in accordance with the schedules(s) of contributions/payment Schedules agreed between the employer(s) and Trustee.

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

### Auditor's responsibilities for the audit of the Financial Statements (continued)

- Verification of the right to annuity income from the buy-in annuity policy. This is addressed by testing that the fixed amounts receivable from the buy-in annuity provider are consistent with the contract payment schedule.
- We have identified relevant laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, as the Pensions Acts 1995 and 2004 (and regulations made thereunder), FRS 102, and the Pensions Statement of Recommended Practice (SORP). We considered the extent to which a material misstatement of the financial statements might arise as a result of non-compliance.
- Reviewing meeting minutes and any correspondence with the Pensions Regulator.
- Discussing whether there are any significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.

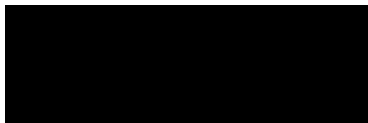
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### 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.



**Crowe U.K. LLP**

*Statutory Auditor*  
London

Date.....

# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## FUND ACCOUNT

For the year ended 31 March 2025

|                                                                   | Note | 2025<br>Defined<br>Benefit<br>Section<br>£'000s | 2025<br>Defined<br>Contribution<br>Section<br>£'000s | 2025<br>Total<br>£'000s | 2024<br>Defined<br>Benefit<br>Section<br>£'000s<br>Restated | 2024<br>Defined<br>Contribution<br>Section<br>£'000s | 2024<br>Total<br>£'000s<br>Restated |
|-------------------------------------------------------------------|------|-------------------------------------------------|------------------------------------------------------|-------------------------|-------------------------------------------------------------|------------------------------------------------------|-------------------------------------|
| <b>CONTRIBUTIONS AND BENEFITS</b>                                 |      |                                                 |                                                      |                         |                                                             |                                                      |                                     |
| Employer contributions                                            | 4    | 365                                             | 13,925                                               | 14,290                  | 110                                                         | 12,729                                               | 12,839                              |
| Employee contributions                                            | 4    | -                                               | 591                                                  | 591                     | -                                                           | 505                                                  | 505                                 |
| <b>Total contributions</b>                                        | 4    | 365                                             | 14,516                                               | 14,881                  | 110                                                         | 13,234                                               | 13,344                              |
| Transfers in                                                      | 5    | -                                               | 1,798                                                | 1,798                   | -                                                           | 1,708                                                | 1,708                               |
| Other income                                                      | 6    | -                                               | 285                                                  | 285                     | 2                                                           | -                                                    | 2                                   |
|                                                                   |      | 365                                             | 16,599                                               | 16,964                  | 112                                                         | 14,942                                               | 15,054                              |
| Benefits paid or payable                                          | 7    | (37,135)                                        | (4,118)                                              | (41,253)                | (36,225)                                                    | (3,770)                                              | (39,995)                            |
| Payments to and on account of leavers                             | 8    | (293)                                           | (12,487)                                             | (12,780)                | (1,212)                                                     | (8,640)                                              | (9,852)                             |
| Administrative expenses                                           | 9    | (3,526)                                         | (336)                                                | (3,862)                 | (2,893)                                                     | (188)                                                | (3,081)                             |
|                                                                   |      | (40,954)                                        | (16,941)                                             | (57,895)                | (40,330)                                                    | (12,598)                                             | (52,928)                            |
| <b>NET (WITHDRAWALS)/ADDITIONS<br/>FROM DEALINGS WITH MEMBERS</b> |      | (40,589)                                        | (342)                                                | (40,931)                | (40,218)                                                    | 2,344                                                | (37,874)                            |
| <b>RETURNS ON INVESTMENTS</b>                                     |      |                                                 |                                                      |                         |                                                             |                                                      |                                     |
| Investment income                                                 | 10   | 30,788                                          | -                                                    | 30,788                  | 29,811                                                      | -                                                    | 29,811                              |
| Change in market value of investments                             | 12   | (102,339)                                       | 12,128                                               | (90,211)                | (32,178)                                                    | 28,171                                               | (4,007)                             |
| Investment management expenses                                    | 11   | 500                                             | -                                                    | 500                     | 764                                                         | -                                                    | 764                                 |
| <b>NET RETURNS ON INVESTMENTS</b>                                 |      | (71,051)                                        | 12,128                                               | (58,923)                | (1,603)                                                     | 28,171                                               | 26,568                              |
| <b>NET (DECREASE)/INCREASE IN THE<br/>FUND FOR THE YEAR</b>       |      | (111,640)                                       | 11,786                                               | (99,854)                | (41,821)                                                    | 30,515                                               | (11,306)                            |
| <b>TRANSFERS BETWEEN SECTIONS</b>                                 | 18   | (318)                                           | 318                                                  | -                       | (413)                                                       | 413                                                  | -                                   |
| <b>OPENING NET ASSETS</b>                                         |      | 743,293                                         | 253,728                                              | 997,021                 | 785,527                                                     | 222,800                                              | 1,008,327                           |
| <b>CLOSING NET ASSETS</b>                                         |      | 631,335                                         | 265,832                                              | 897,167                 | 743,293                                                     | 253,728                                              | 997,021                             |

The notes on pages 28 to 45 form part of these financial statements.

# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)

At 31 March 2025

|                               | Note | 2025<br>Defined<br>Benefit<br>Section<br>£'000s | 2025<br>Defined<br>Contribution<br>Section<br>£'000s | 2025<br>Total<br>£'000s | 2024<br>Defined<br>Benefit<br>Section<br>£'000s | 2024<br>Defined<br>Contribution<br>Section<br>£'000s | 2024<br>Total<br>£'000s |
|-------------------------------|------|-------------------------------------------------|------------------------------------------------------|-------------------------|-------------------------------------------------|------------------------------------------------------|-------------------------|
| <b>INVESTMENT ASSETS</b>      | 12   |                                                 |                                                      |                         |                                                 |                                                      |                         |
| Bonds                         |      | -                                               | -                                                    | -                       | 633,796                                         | -                                                    | 633,796                 |
| Pooled investment vehicles    | 13   | 927                                             | 265,856                                              | 266,783                 | 99,855                                          | 252,630                                              | 352,485                 |
| Derivatives                   | 14   | -                                               | -                                                    | -                       | 10                                              | -                                                    | 10                      |
| Buy-in annuity policy         | 15   | 621,600                                         | -                                                    | 621,600                 | -                                               | -                                                    | -                       |
| AVC investments               | 16   | 19                                              | -                                                    | 19                      | 17                                              | -                                                    | 17                      |
| Cash deposits                 |      | 9,046                                           | -                                                    | 9,046                   | 98,105                                          | -                                                    | 98,105                  |
| Reverse Repurchase Agreements | 14   | -                                               | -                                                    | -                       | 133,937                                         | -                                                    | 133,937                 |
| Other investment balances     | 17   | 37                                              | -                                                    | 37                      | 4,669                                           | -                                                    | 4,669                   |
|                               |      | <u>631,629</u>                                  | <u>265,856</u>                                       | <u>897,485</u>          | <u>970,389</u>                                  | <u>252,630</u>                                       | <u>1,223,019</u>        |
| <b>INVESTMENT LIABILITIES</b> |      |                                                 |                                                      |                         |                                                 |                                                      |                         |
| Derivatives                   | 14   | -                                               | -                                                    | -                       | (26,573)                                        | -                                                    | (26,573)                |
| Repurchase Agreements         | 14   | -                                               | -                                                    | -                       | (198,772)                                       | -                                                    | (198,772)               |
|                               |      | <u>-</u>                                        | <u>-</u>                                             | <u>-</u>                | <u>(225,345)</u>                                | <u>-</u>                                             | <u>(225,345)</u>        |
| <b>TOTAL NET INVESTMENTS</b>  |      | <u>631,629</u>                                  | <u>265,856</u>                                       | <u>897,485</u>          | <u>745,044</u>                                  | <u>252,630</u>                                       | <u>997,674</u>          |
| <b>CURRENT ASSETS</b>         | 22   | 2,120                                           | 351                                                  | 2,471                   | 376                                             | 1,587                                                | 1,963                   |
| <b>CURRENT LIABILITIES</b>    | 23   | <u>(2,414)</u>                                  | <u>(375)</u>                                         | <u>(2,789)</u>          | <u>(2,127)</u>                                  | <u>(489)</u>                                         | <u>(2,616)</u>          |
| <b>CLOSING NET ASSETS</b>     |      | <u>631,335</u>                                  | <u>265,832</u>                                       | <u>897,167</u>          | <u>743,293</u>                                  | <u>253,728</u>                                       | <u>997,021</u>          |

The notes on pages 28 to 45 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 17 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 . . . [REDACTED] . . . (date)

Signed on behalf of the Trustee

. . . [REDACTED] . . .

**Trustee Director**

. . . [REDACTED] . . .

**Trustee Director**

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

### 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 22, 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.

Receipts from the buy-in annuity policy are accounted for as investment income on an accruals basis.

#### (f) **Investments**

##### **(i) Investments other than derivatives**

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

For the year ended 31 March 2025

### 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.

##### (v) Buy-in Annuity Policy

The buy-in annuity policy has been valued by the Fund's Actuary at the amount of the related obligation, determined using the most recent Fund funding valuation assumptions updated for market conditions at the reporting date.

#### (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.

#### (h) *Critical accounting estimates and judgements*

The preparation of the financial statements requires the Trustee to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The Trustee confirms that no judgements have had a significant effect on amounts recognised in the financial statements, but note estimation uncertainty in the valuation of the buy-in annuity policy as disclosed in Note 15.

# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

### 4. CONTRIBUTIONS

|                          | Defined<br>Benefit<br>Section<br>£'000s             | 2025<br>Defined<br>Contribution<br>Section<br>£'000s | Total<br>£'000s             |
|--------------------------|-----------------------------------------------------|------------------------------------------------------|-----------------------------|
| Employer contributions   |                                                     |                                                      |                             |
| Normal (i)               | -                                                   | 13,925                                               | 13,925                      |
| Additional (ii)          | 102                                                 | -                                                    | 102                         |
| Operating expenses (iii) | 263                                                 | -                                                    | 263                         |
|                          | <u>365</u>                                          | <u>13,925</u>                                        | <u>14,290</u>               |
| Employee contributions   |                                                     |                                                      |                             |
| Normal (i)               | -                                                   | 591                                                  | 591                         |
|                          | -                                                   | 591                                                  | 591                         |
|                          | <u>365</u>                                          | <u>14,516</u>                                        | <u>14,881</u>               |
|                          |                                                     |                                                      |                             |
|                          | Defined<br>Benefit<br>Section<br>£'000s<br>Restated | 2024<br>Defined<br>Contribution<br>Section<br>£'000s | Total<br>£'000s<br>Restated |
| Employer contributions   |                                                     |                                                      |                             |
| Normal (i)               | -                                                   | 12,729                                               | 12,729                      |
| Additional (ii)          | 110                                                 | -                                                    | 110                         |
| Operating expenses (iii) | -                                                   | -                                                    | -                           |
|                          | <u>110</u>                                          | <u>12,729</u>                                        | <u>12,839</u>               |
| Employee contributions   |                                                     |                                                      |                             |
| Normal (i)               | -                                                   | 505                                                  | 505                         |
|                          | -                                                   | 505                                                  | 505                         |
|                          | <u>110</u>                                          | <u>13,234</u>                                        | <u>13,344</u>               |

#### 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 2022. The value shown above includes Salary Sacrifice contributions. Contributions have been paid in respect of the Executive Bonus Waiver Fund.
- (ii) An employer contribution rate of 0.8% (2024: 0.8%) 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) Defined Benefit Section operating expenses are paid directly by the Fund in accordance with the Schedule of Contributions certified by the Actuary on 29 June 2023. Defined Contribution Section operating expenses will be met by the Employer and are due within 30 business days of the date that the relevant Fund accounts are signed. The amount received in the year relates to the previous year's expenses, which was finalised after the 2024 accounts were signed. As a result the expense reimbursement has been reflected for in the current year's accounts. The figure also included additional costs incurred in relation to purchase of the buy-in annuity policy.



# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

### 4. CONTRIBUTIONS (continued)

#### 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.

The rates, as percentages of pensionable salaries, during the year ended 31 March 2025 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

|                                            | 2025                              |                                        | Total  |
|--------------------------------------------|-----------------------------------|----------------------------------------|--------|
|                                            | Defined Benefit Section<br>£'000s | Defined Contribution Section<br>£'000s | £'000s |
| Individual transfers in from other schemes | -                                 | 1,798                                  | 1,798  |
|                                            |                                   |                                        |        |
|                                            |                                   | 2024                                   |        |
| Individual transfers in from other schemes | -                                 | 1,708                                  | 1,708  |

### 6. OTHER INCOME

|                                   | 2025                              |                                        | Total  |
|-----------------------------------|-----------------------------------|----------------------------------------|--------|
|                                   | Defined Benefit Section<br>£'000s | Defined Contribution Section<br>£'000s | £'000s |
| Other income                      | -                                 | -                                      | -      |
| Claims on term insurance policies | -                                 | 285                                    | 285    |
|                                   | -                                 | 285                                    | 285    |
|                                   |                                   |                                        |        |
|                                   |                                   | 2024                                   |        |
| Other income                      | 2                                 | -                                      | 2      |
| Claims on term insurance policies | -                                 | -                                      | -      |
|                                   | 2                                 | -                                      | 2      |

# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

### 7. BENEFITS PAID OR PAYABLE

|                                                            | Defined<br>Benefit<br>Section<br>£'000s | 2025<br>Defined<br>Contribution<br>Section<br>£'000s | Total<br>£'000s |
|------------------------------------------------------------|-----------------------------------------|------------------------------------------------------|-----------------|
| Pensions                                                   | 33,897                                  | -                                                    | 33,897          |
| Commutation of pensions and lump sum retirement benefits * | 2,690                                   | 3,746                                                | 6,436           |
| Purchase of annuities***                                   | -                                       | -                                                    | -               |
| Lump sum death benefits                                    | 547                                     | 372                                                  | 919             |
| Refunds of contributions on death                          | 1                                       | -                                                    | 1               |
| Taxation where lifetime or annual allowance exceeded **    | -                                       | -                                                    | -               |
|                                                            | <u>37,135</u>                           | <u>4,118</u>                                         | <u>41,253</u>   |
|                                                            |                                         | 2024                                                 |                 |
| Pensions                                                   | 33,134                                  | -                                                    | 33,134          |
| Commutation of pensions and lump sum retirement benefits * | 2,752                                   | 3,125                                                | 5,877           |
| Purchase of annuities***                                   | -                                       | 322                                                  | 322             |
| Lump sum death benefits                                    | 330                                     | 323                                                  | 653             |
| Refunds of contributions on death                          | -                                       | -                                                    | -               |
| Taxation where lifetime or annual allowance exceeded **    | 9                                       | -                                                    | 9               |
|                                                            | <u>36,225</u>                           | <u>3,770</u>                                         | <u>39,995</u>   |

\* Of the £3.746m (2024: £3.125m) of commutations for lump sums for DC benefits, £1.314m (2024: £0.953m) 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

|                                           | Defined<br>Benefit<br>Section<br>£'000s | 2025<br>Defined<br>Contribution<br>Section<br>£'000s | Total<br>£'000s |
|-------------------------------------------|-----------------------------------------|------------------------------------------------------|-----------------|
| Individual transfers out to other schemes | <u>293</u>                              | <u>12,487</u>                                        | <u>12,780</u>   |
|                                           |                                         | 2024                                                 |                 |
| Individual transfers out to other schemes | <u>1,212</u>                            | <u>8,640</u>                                         | <u>9,852</u>    |

# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

### 9. ADMINISTRATIVE EXPENSES

|                         | 2025                                    |                                              |                 |
|-------------------------|-----------------------------------------|----------------------------------------------|-----------------|
|                         | Defined<br>Benefit<br>Section<br>£'000s | Defined<br>Contribution<br>Section<br>£'000s | Total<br>£'000s |
| Administration          | 1,807                                   | 15                                           | 1,822           |
| Actuarial fees          | 496                                     | -                                            | 496             |
| Legal fees              | 741                                     | 2                                            | 743             |
| Other professional fees | 172                                     | 11                                           | 183             |
| Investment advice       | 220                                     | 308                                          | 528             |
| Audit fees              | 53                                      | -                                            | 53              |
| PPF Levy                | 37                                      | -                                            | 37              |
|                         | <u>3,526</u>                            | <u>336</u>                                   | <u>3,862</u>    |
|                         | 2024                                    |                                              |                 |
| Administration          | 1,373                                   | 40                                           | 1,413           |
| Actuarial fees          | 461                                     | -                                            | 461             |
| Legal fees              | 554                                     | 6                                            | 560             |
| Other professional fees | 106                                     | 8                                            | 114             |
| Investment advice       | 290                                     | 134                                          | 424             |
| Audit fees              | 61                                      | -                                            | 61              |
| PPF levy                | 48                                      | -                                            | 48              |
|                         | <u>2,893</u>                            | <u>188</u>                                   | <u>3,081</u>    |

### 10. INVESTMENT INCOME

|                                        | 2025                                    |                                              |                 |
|----------------------------------------|-----------------------------------------|----------------------------------------------|-----------------|
|                                        | Defined<br>Benefit<br>Section<br>£'000s | Defined<br>Contribution<br>Section<br>£'000s | Total<br>£'000s |
| Income from bonds                      | 18,407                                  | -                                            | 18,407          |
| Income from pooled investment vehicles | 1,478                                   | -                                            | 1,478           |
| Interest on cash deposits              | 766                                     | -                                            | 766             |
| Gains/(losses) on foreign exchange     | 1,812                                   | -                                            | 1,812           |
| Income from derivatives / swaps        | (3,974)                                 | -                                            | (3,974)         |
| Other investment income                | 94                                      | -                                            | 94              |
| Interest on repos                      | (1,269)                                 | -                                            | (1,269)         |
| Buy-in policy income                   | 13,474                                  | -                                            | 13,474          |
|                                        | <u>30,788</u>                           | <u>-</u>                                     | <u>30,788</u>   |

# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

### 10. INVESTMENT INCOME (continued)

|                                        | 2024                                    |                                              |                 |
|----------------------------------------|-----------------------------------------|----------------------------------------------|-----------------|
|                                        | Defined<br>Benefit<br>Section<br>£'000s | Defined<br>Contribution<br>Section<br>£'000s | Total<br>£'000s |
| Income from bonds                      | 35,679                                  | -                                            | 35,679          |
| Income from pooled investment vehicles | 565                                     | -                                            | 565             |
| Interest on cash deposits              | 1,216                                   | -                                            | 1,216           |
| Gains/(losses) on foreign exchange     | 3,274                                   | -                                            | 3,274           |
| Income from derivatives / swaps        | (4,040)                                 | -                                            | (4,040)         |
| Other investment income                | 10                                      | -                                            | 10              |
| Interest on repos                      | (6,893)                                 | -                                            | (6,893)         |
|                                        | <u>29,811</u>                           | <u>-</u>                                     | <u>29,811</u>   |

### 11. INVESTMENT MANAGEMENT EXPENSES

|                                                | 2025                                    |                                              |                 |
|------------------------------------------------|-----------------------------------------|----------------------------------------------|-----------------|
|                                                | Defined<br>Benefit<br>Section<br>£'000s | Defined<br>Contribution<br>Section<br>£'000s | Total<br>£'000s |
| Administration, management & custody - charged | 434                                     | -                                            | 434             |
| Administration, management - rebated           | (934)                                   | -                                            | (934)           |
|                                                | <u>(500)</u>                            | <u>-</u>                                     | <u>(500)</u>    |

|                                                | 2024                                    |                                              |                 |
|------------------------------------------------|-----------------------------------------|----------------------------------------------|-----------------|
|                                                | Defined<br>Benefit<br>Section<br>£'000s | Defined<br>Contribution<br>Section<br>£'000s | Total<br>£'000s |
| Administration, management & custody - charged | 778                                     | -                                            | 778             |
| Administration, management - rebated           | (1,542)                                 | -                                            | (1,542)         |
|                                                | <u>(764)</u>                            | <u>-</u>                                     | <u>(764)</u>    |

# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

### 12. RECONCILIATION OF INVESTMENTS

|                                     | Value at<br>31.03.2024 | Purchases at<br>cost and<br>derivative<br>payments | Sales<br>proceeds and<br>derivative<br>receipts | Change in<br>market value | Value at<br>31.03.2025 |
|-------------------------------------|------------------------|----------------------------------------------------|-------------------------------------------------|---------------------------|------------------------|
| <b>Defined Benefit Section</b>      | £'000s                 | £'000s                                             | £'000s                                          | £'000s                    | £'000s                 |
| Bonds                               | 633,796                | 218,412                                            | (837,916)                                       | (14,292)                  | -                      |
| Pooled investment vehicles          | 99,855                 | 483                                                | (88,972)                                        | (10,439)                  | 927                    |
| Derivatives                         | (91,398)               | 701,636                                            | (612,137)                                       | 1,899                     | -                      |
| Buy-in annuity policy               | -                      | 701,416                                            | -                                               | (79,816)                  | 621,600                |
| AVC investments                     | 17                     | -                                                  | -                                               | 2                         | 19                     |
|                                     | <u>642,270</u>         | <u>1,621,947</u>                                   | <u>(1,539,025)</u>                              | <u>(102,646)</u>          | <u>622,546</u>         |
| Cash deposits                       | 98,105                 |                                                    |                                                 | 307                       | 9,046                  |
| Other investment balances           | <u>4,669</u>           |                                                    |                                                 | <u>-</u>                  | <u>37</u>              |
|                                     | <u>745,044</u>         |                                                    |                                                 | <u>(102,339)</u>          | <u>631,629</u>         |
| <b>Defined Contribution Section</b> |                        |                                                    |                                                 |                           |                        |
| Pooled investment vehicles*         | <u>252,630</u>         | <u>2,036,626</u>                                   | <u>(2,035,528)</u>                              | <u>12,128</u>             | <u>265,856</u>         |

In October 2024 the Fund purchased a buy-in annuity policy with Phoenix Life for £701.4m after dis-investing its holdings in bonds and pooled investment vehicles.

During the Fund year, the Trustee implemented a new investment strategy for the Defined Contribution section, Standard Life Sustainable Multi Asset Universal SLP. A bulk transfer of assets occurred on 19 September 2024. Under both the previous and current arrangements, members could select a Lifestyle Option of choice from a range of self-select investment funds.

\* Included in purchases and sales is £2,019m 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 £5,400 (2024: £8,284) 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.

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

|          | 2025<br>£'000s | 2024<br>£'000s |
|----------|----------------|----------------|
| Members  | 265,728        | 252,509        |
| Trustees | <u>128</u>     | <u>121</u>     |
|          | <u>265,856</u> | <u>252,630</u> |

# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

### 13. POOLED INVESTMENT VEHICLES

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

|                                       | 2025<br>£'000s | 2024<br>£'000s |
|---------------------------------------|----------------|----------------|
| <b>Defined Benefit Section</b>        |                |                |
| <b><i>Return Seeking Strategy</i></b> |                |                |
| Direct lending                        | 927            | 99,855         |
|                                       | <u>927</u>     | <u>99,855</u>  |
| <b>Defined Contribution Section</b>   |                |                |
| <b><i>Default Funds</i></b>           |                |                |
| Bonds                                 | 688            | 17,416         |
| Equity                                | 8,437          | 10,647         |
| Cash                                  | 1,486          | 4,843          |
| Multi-asset <sup>1</sup>              | 253,037        | 213,260        |
| <b><i>Other Funds</i></b>             |                |                |
| Other funds <sup>2</sup>              | 2,208          | 6,464          |
|                                       | <u>265,856</u> | <u>252,630</u> |

<sup>1</sup> The funds hold a variety of investments including equities, bonds, derivatives and commodities.

<sup>2</sup> Other funds include a wide range of investments including sustainable investments and property.

### 14. 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.

Repurchase and reverse repurchase agreements – in order to maintain appropriate cashflow, the Fund utilised repurchase and reverse repurchase agreements. These are a form of short-term borrowing in government securities.

# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

### 14. DERIVATIVES (continued)

At the year end the Fund held the following derivatives:

|                                              | 2025<br>Asset<br>£'000s | 2025<br>Liability<br>£'000s | 2024<br>Asset<br>£'000s | 2024<br>Liability<br>£'000s |
|----------------------------------------------|-------------------------|-----------------------------|-------------------------|-----------------------------|
| Repurchase and reverse repurchase agreements | -                       | -                           | 133,937                 | (198,772)                   |
| Futures                                      | -                       | -                           | 10                      | (991)                       |
| Swaps                                        | -                       | -                           | -                       | (25,582)                    |
|                                              | -                       | -                           | 133,947                 | (225,345)                   |
|                                              |                         | -                           |                         | (91,398)                    |

#### Repurchase and reverse repurchase agreements

At 31 March 2025 the market value of the securities sold under repurchase agreements was £Nil (2024: £204.0m). 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 2025 this amounted to £Nil (2024: £198.8m)

During the year the Fund also entered into reverse repurchase agreements. At 31 March 2025 amounts receivable under reverse repurchase agreements amounted to £Nil (2024: £133.9m). Bonds with value of £Nil (2024: £135.2m) are held as collateral under reverse repurchase agreements.

#### Collateral on repurchase & reverse repurchases agreements

At 31 March 2025 there was collateral pledged of £Nil (2024: £2.7m) and collateral held of £Nil (2024: £0.0m) against the difference in valuation between the underlying securities and the repurchases.

| Futures    |            | Economic exposure<br>£'000s | Asset<br>£'000s | Liability<br>£'000s |
|------------|------------|-----------------------------|-----------------|---------------------|
| Nature     | Expiration |                             |                 |                     |
| Total 2025 |            | -                           | -               | -                   |
| Total 2024 |            | (66,606)                    | 10              | (991)               |

#### Swaps

| Nature     | Expiration | Asset<br>£'000s | Liability<br>£'000s |
|------------|------------|-----------------|---------------------|
| Total 2025 |            | -               | -                   |
| Total 2024 |            | -               | (25,582)            |

Included in bonds is collateral of £Nil (2024: £8.0m) which has been pledged to the counterparty.

At the year end the Fund held £Nil (2024: £0.01m) of collateral belonging to the counterparty. This collateral is not reported within the Fund's net assets.



# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

### 15. BUY-IN ANNUITY POLICY

In October 2024 the Trustee purchased a buy-in annuity policy with Phoenix Life. At the time of purchase the policy insured the benefits of approximately 1,713 deferred pensioner members and approximately 2,258 pensioner members respectively of the Fund's members.

|                                                                 | 2025<br>£'000s | 2024<br>£'000s |
|-----------------------------------------------------------------|----------------|----------------|
| The Fund held buy-in annuity policy at the year-end as follows: |                |                |
| Buy-in annuity policy with Phoenix Life                         | 621,600        | -              |

The Fund paid £701.4m with a mixture of cash and investments to Phoenix Life in order to enter into the buy-annuity policy contract.

The Fund's Actuary has valued the buy-in annuity policy, on a technical provision basis, as at 31 March 2025 as shown above. A summary of the key assumptions used to calculate the value of the buy-in annuity policy at 31 March 2025 are as follows:

| Key assumptions                          | 31 March 2025                                                                                                                                                                                                                       |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Discount rate                            | Gilt rate + 0.5% - 5.6%                                                                                                                                                                                                             |
| increases                                | RPI min 0%, max 5% - 3.4% pa<br>CPI min 0%, max 3% - 2.4% pa                                                                                                                                                                        |
| Mortality – base and future improvements | 100% S3NA tables<br><br>CMI 2021 projections from 2013 with a smoothing parameter of 7, an initial adjustment of 0.5%, allowance for 2020 and 2021 data (w2020 and w2021) of 0%, and a long-term annual rate of improvement of 1.5% |

### 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 2025 confirming the amounts held in their account and the movements in the year. The aggregate amounts of AVC investments are as follows:

#### Defined Benefit

|                                               | 2025<br>£'000s | 2024<br>£'000s |
|-----------------------------------------------|----------------|----------------|
| Standard Life Assurance Limited (unit linked) | 19             | 17             |

### 17. OTHER INVESTMENT BALANCES

|                     | 2025<br>£'000s | 2024<br>£'000s |
|---------------------|----------------|----------------|
| Interest receivable | 36             | 4,565          |
| Cash in transit     | 1              | 104            |
|                     | 37             | 4,669          |

# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

### 18. TRANSFER BETWEEN SECTIONS

|                              | Defined<br>Benefit<br>Section<br>£'000s | 2025<br>Defined<br>Contribution<br>Section<br>£'000s | Total<br>£'000s |
|------------------------------|-----------------------------------------|------------------------------------------------------|-----------------|
| Transfer from the DB Section | (318)                                   | -                                                    | (318)           |
| Transfer to the DC Section   | -                                       | 318                                                  | 318             |
|                              | <u>(318)</u>                            | <u>318</u>                                           | <u>-</u>        |
|                              |                                         |                                                      |                 |
|                              |                                         | 2024                                                 |                 |
| Transfer from the DB Section | (413)                                   | -                                                    | (413)           |
| Transfer to the DC Section   | -                                       | 413                                                  | 413             |
|                              | <u>(413)</u>                            | <u>413</u>                                           | <u>-</u>        |

### 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 2025

| Defined Benefit Section      | Level 1<br>£'000s | Level 2<br>£'000s | Level 3<br>£'000s | Total<br>£'000s |
|------------------------------|-------------------|-------------------|-------------------|-----------------|
| Bonds                        | -                 | -                 | -                 | -               |
| Pooled investment vehicles   | -                 | 927               | -                 | 927             |
| Derivatives                  | -                 | -                 | -                 | -               |
| Buy-in annuity policy        | -                 | -                 | 621,600           | 621,600         |
| AVC investments              | -                 | 19                | -                 | 19              |
| Cash                         | 9,046             | -                 | -                 | 9,046           |
| Other investment balances    | 37                | -                 | -                 | 37              |
|                              | <u>9,083</u>      | <u>946</u>        | <u>621,600</u>    | <u>631,629</u>  |
|                              |                   |                   |                   |                 |
| Defined Contribution Section |                   |                   |                   |                 |
| Pooled investment vehicles   | -                 | 265,856           | -                 | 265,856         |
|                              | -                 | 265,856           | -                 | 265,856         |
|                              | <u>9,083</u>      | <u>266,802</u>    | <u>621,600</u>    | <u>897,485</u>  |

# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

### 19. FAIR VALUE DETERMINATION (continued)

| Defined Benefit Section             | At 31 March 2024  |                   |                   |                 |
|-------------------------------------|-------------------|-------------------|-------------------|-----------------|
|                                     | Level 1<br>£'000s | Level 2<br>£'000s | Level 3<br>£'000s | Total<br>£'000s |
| Bonds                               | -                 | 633,796           | -                 | 633,796         |
| Pooled investment vehicles          | -                 | 99,855            | -                 | 99,855          |
| Derivatives                         | (981)             | (90,417)          | -                 | (91,398)        |
| AVC investments                     | -                 | 17                | -                 | 17              |
| Cash                                | 98,105            | -                 | -                 | 98,105          |
| Other investment balances           | 4,669             | -                 | -                 | 4,669           |
|                                     | <u>101,793</u>    | <u>643,251</u>    | <u>-</u>          | <u>745,044</u>  |
| <b>Defined Contribution Section</b> |                   |                   |                   |                 |
| Pooled investment vehicles          | -                 | 252,630           | -                 | 252,630         |
|                                     | <u>-</u>          | <u>252,630</u>    | <u>-</u>          | <u>252,630</u>  |
|                                     | <u>101,793</u>    | <u>895,881</u>    | <u>-</u>          | <u>997,674</u>  |

### 20. INVESTMENT RISK DISCLOSURES

#### (a) Investment risks

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.

The Trustee determines its 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.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

### 20. INVESTMENT RISK DISCLOSURES (continued)

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 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 Trustee has appointed an insurer and an investment manager 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.

The Scheme's SIP was updated in January 2025 to reflect the above changes. All investments made in the year were in accordance with the SIP.

##### (ii) Other price risk

Other price risk arises principally in relation to the Fund's return seeking portfolio. As at 31 March 2025, 0.1% (2024 - 13.8%) of the portfolio was held in the return seeking portfolio, based on the fair value of the investments.

##### (iii) Interest rate risk

Following the purchase of the buy-in annuity policy to insure all the Fund's liabilities, the interest rate risk is effectively removed from the DB Fund.

##### (iv) Inflation risk

Following the purchase of the buy-in annuity policy to insure all the Fund's liabilities, the inflation risk is effectively removed from the DB Fund.

##### (v) Currency risk

The Fund was subjected to indirect currency risk because some of the Fund's sterling priced pooled investments vehicles held assets denominated in foreign currencies. The risk was mitigated by largely investing in GBP share classes where possible to eliminate direct currency risk. The purchase of the buy-in annuity policy effectively removes currency risk from the DB Section.

##### (vi) Credit risk

The Fund invests in a range of credit markets across different geographies and sectors to reduce credit risk.

Shares in limited partnerships used by the Fund comprised of £927k (2024: £100.0m).

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

##### (vii) Direct credit risk

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

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

### 20. INVESTMENT RISK DISCLOSURES (continued)

#### (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
- multi- asset

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.

##### (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 multi-asset 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.

# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

### 20. INVESTMENT RISK DISCLOSURES (continued)

#### (c) Defined Contribution Section (continued)

##### (iii) Indirect credit and market risk (continued)

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 multi-asset 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:

|                                              | 2025    |      | 2024   |     |
|----------------------------------------------|---------|------|--------|-----|
|                                              | £'000s  | %    | £'000s | %   |
| Partner Group Private Market Strategies Fund | -       | -    | 65,824 | 6.6 |
| Buy-in annuity policy - Phoenix Life         | 621,600 | 69.3 | -      | -   |

### 22. CURRENT ASSETS

|                                         | 2025                           |                                     | Total        |
|-----------------------------------------|--------------------------------|-------------------------------------|--------------|
|                                         | Defined Benefit Section £'000s | Defined Contribution Section £'000s |              |
| Bank balance                            | 1,666                          | 351                                 | 2,017        |
| Contribution due from employer          | 102                            | -                                   | 102          |
| Buy-in annuity policy income receivable | 352                            | -                                   | 352          |
|                                         | <u>2,120</u>                   | <u>351</u>                          | <u>2,471</u> |
|                                         | 2024                           |                                     |              |
| Bank balance                            | 266                            | 479                                 | 745          |
| Contributions receivable - employer     | 110                            | 1,108                               | 1,218        |
|                                         | <u>376</u>                     | <u>1,587</u>                        | <u>1,963</u> |

Included in the DC Section bank balance is £Nil (2024: £Nil) which is not allocated to members.

All contributions receivable are due to be paid to the Fund within 30 business days of the signing of this report in accordance with the Schedule of Contributions currently in force.

# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

### 23. CURRENT LIABILITIES

|                  | 2025                                    |                                              |                 |
|------------------|-----------------------------------------|----------------------------------------------|-----------------|
|                  | Defined<br>Benefit<br>Section<br>£'000s | Defined<br>Contribution<br>Section<br>£'000s | Total<br>£'000s |
| Accrued expenses | 663                                     | 28                                           | 691             |
| Unpaid benefits  | 1,196                                   | 347                                          | 1,543           |
| Tax payable      | 555                                     | -                                            | 555             |
|                  | <u>2,414</u>                            | <u>375</u>                                   | <u>2,789</u>    |
|                  | 2024                                    |                                              |                 |
| Accrued expenses | 908                                     | 10                                           | 918             |
| Unpaid benefits  | 698                                     | 479                                          | 1,177           |
| Tax payable      | 521                                     | -                                            | 521             |
|                  | <u>2,127</u>                            | <u>489</u>                                   | <u>2,616</u>    |

### 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 2025 (2024: £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 £62,424 per annum. The total sum paid during the year ended 31 March 2025 was £62,424 (2024: £62,424). 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.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

### 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 LRSFA is aware that the issue does impact the DB members of the Fund and having considered this at the Q3 2024 Trustee meeting instructed the administrators to proceed with implementation of method C2 together with backdated benefit adjustments and provide interest on the backdated amounts. This will be implemented for a significant majority of members in the June 2025 payroll.

After the year end in June 2025 an initial payment of £1.43m was paid in respect of this liability.

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. A project to review past transfers has commenced.

### 27. CONTINGENT LIABILITY

The Virgin Media Ltd v NTL Pension Trustees decision, handed down by the High Court on 16 June 2023 considered the implications of section 37 of the Pension Schemes Act 1993. Section 37 of the Pension Schemes Act 1993 only allowed the rules of contracted-out schemes in respect to benefits, to be altered where certain requirements were met. The court decision was upheld on appeal on 25 July 2024. There is potential for legislative intervention following industry lobbying that may retrospectively validate certain rule amendments. In addition, there is a possibility that the case could go to the Supreme Court.

The Trustee having considered the matter after consulting with its legal advisor, determined there was no liability to the Fund and any further action was not required.



# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE LLOYD'S 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 2025 which is set out in the Trustee's Report on page 47.

In our opinion, contributions for the Fund year ended 31 March 2025 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 29 June 2023.

### 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

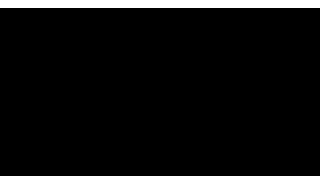
As explained more fully in the Statement of Trustee's Responsibilities, the Fund's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions which sets out the rates and due dates of certain contributions payable towards the Fund 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 Schedule 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.



**Crowe U.K. LLP**  
*Statutory Auditor*  
London

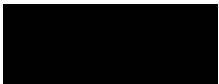
Date..........

# LLOYD'S REGISTER SUPERANNUATION FUND ASSOCIATION

## 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<br>£'000s | DC Section<br>£'000s | Total<br>£'000s |
|---------------------------------------------------------------|----------------------|----------------------|-----------------|
| Employer normal contributions                                 | -                    | 13,925               | 13,925          |
| Employer additional contributions                             | 102                  | -                    | 102             |
| Operating expenses                                            | 263                  | -                    | 263             |
| Employee normal contributions                                 | <u>-</u>             | <u>591</u>           | <u>591</u>      |
| Total contributions paid under the Schedules of Contributions | <u>365</u>           | <u>14,516</u>        | <u>14,881</u>   |
| Reconciliation to the financial statements:                   | <u>365</u>           | <u>14,516</u>        | <u>14,881</u>   |

This summary was approved by the Trustee on . . .  . . . (date)

Signed on behalf of the Trustee

...  . . .

**Trustee Director**

...  . . .

**Trustee Director**



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

July 2025

# Background and Implementation Statement

## Background

The Department for Work and Pensions ('DWP') is increasing regulation to improve disclosure of financially material risks. This regulatory change recognises Environmental, Social and Governance ('ESG') factors as financially material and pension schemes need to consider how these factors are managed as part of their fiduciary duty. The regulatory changes require that pension schemes detail their policies in their Statement of Investment Principles ('SIP') and demonstrate adherence to these policies in an Implementation Statement.

## Implementation Report

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 2025 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

In October 2024, the Trustee purchased buy-in policy with Standard Life / Phoenix ("Phoenix") to insure all the DB Fund's liabilities. Under the terms of the transaction, the Trustee transferred all assets to Phoenix, retaining only a small surplus of residual assets.

The purpose of these changes was to ensure pension payments for liabilities covered by the insurance policy, while retaining the Fund's remaining assets in a liquid fund to cover ongoing expenses and to receive distributions from the Fund's direct lending mandate as it winds down, redistributing capital.

Through appointment of Phoenix, the Trustee have delegated all decisions about the day-to-day management of the assets to the investment managers via a written agreement. Responsibility for climate-related risk management still remains ultimately with the Trustee however has been delegated to Phoenix.

Following the buy-in, due to the low governance requirements from this investment strategy, the Trustee has not needed to take any other significant actions over the rest of the reporting period.

In Q1 2024, the Trustee initiated a triennial review of the DC investment strategy as is required every three years. As a result, 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 available to members. The Trustee, having obtained professional advice, believes the changes 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.

In September 2024, the default investment option changed from the LR Flexible Retirement Strategy to Standard Life's off the shelf default lifestyle option, Standard Life Sustainable Multi Asset Universal SLP. Legacy lifestyles were closed, with Standard Life's other off the shelf lifestyles (which have different retirement targets) made available as alternatives. The self-select range was enhanced by adopting Standard Life's Master Trust self-select range, increasing the number of funds available from 13 to 30 and expanding the asset class coverage. This should provide members who wish to make their own investment decisions, more options to align with their investment and retirement needs.

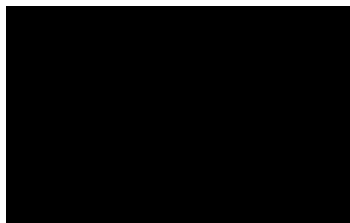
### **Implementation Statement**

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**

**Position**

**Date**



# Managing risks and policy actions DB and DC

| Risk / Policy                | Definition                                                                                                                                                                                                                                                   | Policy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Actions and details on changes to policy                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>DB and DC</b>             |                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Interest rates and inflation | <p>DB: The risk of mismatch between the value of the Fund assets and present value of liabilities from changes in interest rates and inflation expectations.</p> <p>DC: The risk of changes in asset values because of interest rate moves and inflation</p> | <p>DB: The buy-in removes interest rate and inflation risk from the DB Section.</p> <p>DC: To appropriately manage the risk of interest rates and inflation on asset values, particularly in the pre- and at-retirement phases of the default and alternative lifestyle strategies.</p>                                                                                                                                                                                                                                                          | <p>DB: In October 2024, the Trustee purchased an insurance buy-in policy, which removes the interest rate and inflation risk for the liabilities covered by the policy.</p> <p>DC: By moving to an off-the-shelf default strategy, the Trustee has delegated the management of this risk to the provider, Standard Life, and the underlying fund managers.</p>                                                                                              |
| Liquidity                    | Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.                                                                                                                                   | <p>The remaining assets are to fund any true-up premium in respect to the buy-in policy. The Trustee periodically monitors that the Fund has sufficient assets.</p> <p>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.</p> <p>Within the DC Section, liquidity risk is managed by typically offering members pooled funds that are readily redeemable in normal circumstances at reasonable prices.</p> | <p>DB: In October 2024 the Trustee purchased an insurance buy-in policy, which removes the liquidity risk from the DB section.</p> <p>DC: There have been no changes to the policy and no liquidity concerns were raised over the reporting period.</p>                                                                                                                                                                                                     |
| 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <p>DB: Given the heavily regulated nature of the bulk annuity market, market risk is effectively removed from the DB Section.</p> <p>DC: The Trustee reviews the performance of the DC Section on a quarterly basis and this performance was also factored into the triennial review that led to the latest investment strategy change. Furthermore, the Trustee ensures the default investment option is sufficiently diversified (where necessary) to</p> |



|                                      |                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                      |                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                      | help minimise the risk of individual market factors.                                                                                                                                                                                                                                                                                                                                                                           |
| 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.                                                                                                                                                                                                                                                                                                                           | <p>DB: Given the heavily regulated nature of the bulk annuity market, credit risk is effectively removed from the DB Section.</p> <p>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.</p>                                                                                                                    |
| Diversification                      | The risk that investments are too concentrated in terms of sector, industry, sub-asset class.                                                                                          | <p>This is measured by observing the relative and absolute volatility of the investment options.</p> <p>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.</p>                                                                                               | <p>DB: Given the nature of the buy-in, diversification is not a relevant consideration in the DB Section.</p> <p>DC: When selecting a new default investment strategy (and self-select range) for the DC Section, the Trustee considered concentration risk and has selected a well-diversified lifestyle that invests in a combination of multiple asset classes as well as providing a broad range of self-select funds.</p> |
| Custodian                            | The risk that the custodian misplaces Fund investments that it is receiving, delivering or safekeeping.                                                                                | <p>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).</p> <p>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.</p> | 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. | <p>To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria:</p> <ol style="list-style-type: none"> <li>1. Responsible Investment ('RI') Policy / Framework</li> <li>2. Implemented via Investment Process</li> <li>3. A track record of using engagement and any voting rights to manage ESG factors</li> <li>4. ESG specific reporting</li> </ol>      | <p>DB/DC: The Trustee have elected to complete a sustainability integration assessment of the Fund's managers biennially.</p> <p>DB: Given the nature of the buy-in policy, it is not possible to actively monitor any ESG criteria in the DB section.</p> <p>DC: The Trustee have selected a new default investment strategy that has greater ESG integration</p>                                                             |

|                |                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                   |
|----------------|------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                |                                                                                                                              | <p>5. UN PRI Signatory</p> <p>6. UK Stewardship Code signatory</p> <p>The Trustees monitor the managers on an ongoing basis.</p>                                                                                                                                                                                                                                                                                             | <p>than the previous default and meets the required criteria.</p>                                                                                                 |
| Currency       | <p>The potential for adverse currency movements to have an impact on the Fund's investments.</p>                             | <p>To largely invest in GBP share classes where possible to eliminate direct currency risk.</p> <p>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.</p>                                                                                                                                                  | <p>DB: The buy-in policy effectively removes currency risk from the DB Section.</p> <p>DC: There have been no changes to this policy over the reporting year.</p> |
| Non-financial  | <p>Any factor that is not expected to have a financial impact on the Fund's investments.</p>                                 | <p>Non-financial matters are not taken into account in the selection, retention or realisation of investments.</p>                                                                                                                                                                                                                                                                                                           | <p>DB/DC: There have been no changes to this policy over the reporting year.</p>                                                                                  |
| <b>DB only</b> |                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                   |
| Investment     | <p>The risk that the Fund's position deteriorates due to the assets underperforming.</p>                                     | <p>Selecting an investment objective that is achievable and is consistent with the Fund's funding basis and the sponsoring company's covenant strength.</p> <p>Investing in a diversified portfolio of assets.</p>                                                                                                                                                                                                           | <p>DB: The buy-in effectively removes all investment risk from the DB Section.</p>                                                                                |
| Funding        | <p>The extent to which there are insufficient Fund assets available to cover ongoing and future liability cash flows.</p>    | <p>Funding risk is considered as part of the investment strategy review and the actuarial valuation.</p> <p>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.</p>                                                                                                                                    | <p>DB: The buy-in effectively removes all funding risk from the DB Section.</p>                                                                                   |
| Covenant       | <p>The risk that the sponsoring company becomes unable to continue providing the required financial support to the Fund.</p> | <p>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.</p> <p>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</p> | <p>DB: The Fund can now rely on the insurer covenant (although the sponsoring company's covenant is still relevant up until any buyout).</p>                      |



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.                                             | The default changed in Q3 2024, following the triennial investment strategy review in Q1 2024. The Trustee selected and implemented Standard's Life's off the shelf default lifestyle solution, Sustainable Multi Asset Universal SLP, as their new default investment option as they believe it will lead to better long-term outcomes for members.          |
| 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. | The Trustee decided to close the existing legacy lifestyles and introduced three new alternative lifestyles alongside the new default lifestyle for members to invest in. These alternatives lifestyles allow members to align their investments to one of the following targets at retirement: drawdown, purchasing an annuity or taking as a cash lump sum. |
| 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.         | The Trustee replaced the existing self-select funds with a new range reflecting that of Standard Life's Master Trust. This has expanded the range to 30 funds, increasing member choice and better matching their investment and retirement needs.                                                                                                            |

# Changes to the SIP

Over the period to 31 March 2025, the following changes were made to the Fund's SIP, update dated January 2025:

## Defined Benefit Section

### Investment Manager 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.

### 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 of the SIP.

### 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.

### 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.

## Defined Contribution Section

- In June 2024, the Trustee agreed to restructure the strategy, using some of the Fund's assets to purchase a buy-in policy with residual illiquid assets held alongside.
- In September 2024, the Trustee updated the investment strategy for the DC Section of the Scheme. These changes involved transferring assets from the previous bespoke default, LR Flexible Lifestyle Strategy, to Standard Life's Sustainable Multi Asset Universal SLP, closing the legacy lifestyles and offering an updated range of alternative lifestyles and self-select funds.
- In January 2025, two of the self-select fund names were updated.

## Other Policies

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. Please see the changes to this policy in the 'Managing risks and actions on policy actions DB and DC' section on pages 4 – 7.

# 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 updated the Fund's ESG policy in the 2022/2023 reporting year, which includes details of monitoring and engaging with the Fund's investment managers regarding the ESG policies.

The Fund's ESG policy can be found on page 5/6 of this document.

The table below 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        | <ol style="list-style-type: none"><li>1. Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Fund.</li><li>2. ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustee.</li></ol>                                                                                                                                                                     |
| Approach / Framework   | <ol style="list-style-type: none"><li>3. The Trustee should understand how asset managers make ESG decisions and will seek to understand how ESG is integrated by each asset manager.</li><li>4. ESG factors are relevant to investment decisions in all asset classes.</li><li>5. Managers investing in companies' debt, as well as equity, have a responsibility to engage with management on ESG factors.</li></ol>                                                                                          |
| Reporting & Monitoring | <ol style="list-style-type: none"><li>6. Ongoing monitoring and reporting of how asset managers manage ESG factors is important.</li><li>7. ESG factors are dynamic and continually evolving; therefore, the Trustee will receive training as required to develop their knowledge.</li><li>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.</li></ol> |
| Voting & Engagement    | <ol style="list-style-type: none"><li>9. The Trustee will seek to understand each asset managers' approach to voting and engagement when reviewing the asset managers' approach.</li><li>10. Engaging is more effective in seeking to initiate change than disinvesting.</li></ol>                                                                                                                                                                                                                              |
| Collaboration          | <ol style="list-style-type: none"><li>11. Asset managers should sign up and comply with common codes and practices such as the UNPRI &amp; Stewardship code. If they do not sign up, they should have a valid reason why.</li><li>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.</li></ol>                                         |

# ESG summary and actions with the investment managers

The Trustee has adopted a biennial ESG monitoring service for funds and managers. Therefore, the following commentary reflects Isio findings from the Fund's 2024 ESG monitoring. When selecting a new off-the-shelf default investment strategy for the DC Section, ESG was one of the key criteria used by Isio to review and compare options available to the Trustee. Isio continually update their view of ESG integration within provider default strategies and so the following commentary reflects their latest view of the Standard Life Sustainable Multi Asset Universal SLP lifestyle.

| Manager and Fund                | ESG Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Actions identified                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>DB Section</b>               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Partners Group - PMCS 15</b> | <p>PG consistently shows a firm-wide commitment to ESG, underpinned by robust teams and practices. Their investment approach integrates a thorough screening procedure, adhering to recognised industry guidance like the TCFD and UN Global Impact.</p> <p>Partners Group reports on ESG metrics annually, however the level of reporting falls short compared to their peers.</p>                                                                                                                                                                                                                                                                                          | <ul style="list-style-type: none"> <li>- Look to engage with a more significant proportion of underlying issuers across the funds and evidence and report on engagement in relation to ESG risks (including climate, social and nature) and how such risks are managed.</li> <li>- Establish regular reporting across the funds of key ESG metrics, including GHG emissions data and temperature alignment, as well as look at ways to improve emissions data coverage.</li> </ul> |
| <b>DC Section</b>               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Standard Life</b>            | <p>The Isio ESG rating for Standard Life's Sustainable Multi Asset Universal SLP lifestyle is 'partially in line' with Isio's view of what good looks like. This recognises Standard Life's strong firm-wide ESG policies, ESG integration within their equity allocation and good engagement with the underlying managers, with voting rights delegated to the underlying manager.</p> <p>Within the Scheme year, Standard Life also announced changes to the level of ESG integration within the default, include a more bespoke approach within the equity allocation as well as introducing a sustainability tilt within the corporate bond allocation. Furthermore,</p> | <ul style="list-style-type: none"> <li>- Standard Life to continue the process of incorporating ESG into other asset classes outside of equity within the default option.</li> <li>- Standard Life to increase reporting on ESG metrics.</li> </ul>                                                                                                                                                                                                                                |

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they are looking to adopt the FCA's Sustainability Disclosure Requirements in their main default solution, applying the 'Sustainability Improvers' label across the majority of assets.

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# 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 2025.

| Fund name                                                            | Engagement summary                                                                                                                                                                                                               | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
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| <b>DB Section</b>                                                    |                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Partners Group - PMCS 15</b>                                      | <p>Total engagements: 6</p> <p>Corporate: 2<br/>Exit: 4</p> <p>As the Partners Group PMCS 15 fund is in the process of winding down and distributing capital back to investors, engagement data from the manager is limited.</p> | <p>Partners Group have a clear policy regarding engagement with underlying portfolio companies. Engagements are managed by the investment teams with input from the central ESG team when required.</p> <p>Partners Group have implemented ESG ratchets for a number of prospective investments. Partners Group can measure effectiveness of engagements and borrowers are incentivised for cheaper borrowing.</p> <p>An example of significant engagements at manager level include:</p> <p><b>Confluent Health</b> – As the controlling investor with Board oversight, Partners Group (PG) have guided Confluent Health to embed ESG priorities into its strategic growth. PG's collaboration focuses on three pillars: expanding equitable healthcare access, advancing workforce development, and leveraging digital innovation to elevate patient outcomes.</p> <p>Key achievements include the adoption of standardised patient outcome tracking systems, enabling data-driven evaluations of therapy effectiveness. The portfolio company has significantly expanded its clinic network, bringing specialised rehabilitation services to underserved communities. Strategic university partnerships have also been reinforced to address talent shortages, creating a pipeline of skilled physical therapists through targeted training programs.</p> <p>Through active governance, Confluent Health's growth now balances financial objectives with measurable societal impact, cementing its position as a leader in accessible, high-quality rehabilitation services.</p> |
|                                                                      |                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>DC Section - Default Funds</b>                                    |                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Standard Life abrdn Sustainable Index US Equity Pension Fund*</b> | <p>Total engagements: 108<br/>Number of entities engaged: 83</p> <p>Environmental: 60<br/>Social: 50<br/>Governance: 67</p>                                                                                                      | <p>Abrdn provided a firmwide policy document which sets out their engagement priorities. These are environmental responsibility, employee relations, human rights and international operations and business ethics.</p> <p><u><a href="#">Abrdn Engagement Policy</a></u></p> <p>Engagement example (Social – Labour Rights):<br/>Abrdn engaged with Amazon.com Inc, an American multinational technology company that engages in e-</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

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|                                                                                                                                           |                                                                                                                                 | commerce, cloud computing, advertising, digital streaming and artificial intelligence.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Standard Life abrdn Sustainable Index UK Equity Pension Fund*</b>                                                                      | <p>Total engagements: 307<br/>Number of entities engaged: 127</p> <p>Environmental: 149<br/>Social: 186<br/>Governance: 223</p> | Abrdn engaged with Amazon.com Inc, an American multinational technology company that engages in e-commerce, cloud computing, advertising, digital streaming and artificial intelligence.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Standard Life abrdn Sustainable Index European Equity Pension Fund*</b>                                                                | <p>Total engagements: 173<br/>Number of entities engaged: 97</p> <p>Environmental: 123<br/>Social: 80<br/>Governance: 114</p>   | <p>Amazon was evaluated for potential investment but underwent additional scrutiny regarding concerns over its labour practices and alleged anti-union activities, particularly following recent criticism of aggressive anti-union campaigns at multiple warehouse locations. Investment decisions were deferred pending further analysis of these ethical and operational risks. During the engagement process, meetings were held with a US labour law expert, a shareholder group advocating for improved union relations (via a filed resolution), and Amazon. Amazon strongly contested criticisms but failed to adequately address concerns about its alignment with the UN Global Compact and ILO labour standards.</p> |
| <b>Standard Life abrdn Sustainable Index Japan Equity Pension Fund*</b>                                                                   | <p>Total engagements: 45<br/>Number of entities engaged: 36</p> <p>Environmental: 21<br/>Social: 18<br/>Governance: 38</p>      | Investment in Amazon was deferred due to unresolved concerns about discrepancies between the company's stated labour practices and employee-reported experiences, alongside insufficient reassurances on addressing these issues. Abrdn will continue monitoring Amazon's progress in aligning its policies with worker welfare commitments to inform future decisions.                                                                                                                                                                                                                                                                                                                                                         |
| <b>Standard Life abrdn Sustainable Index Japan Equity Pension Fund*</b>                                                                   | <p>Total engagements: 45<br/>Number of entities engaged: 36</p> <p>Environmental: 21<br/>Social: 18<br/>Governance: 38</p>      | Investment in Amazon was deferred due to unresolved concerns about discrepancies between the company's stated labour practices and employee-reported experiences, alongside insufficient reassurances on addressing these issues. Abrdn will continue monitoring Amazon's progress in aligning its policies with worker welfare commitments to inform future decisions.                                                                                                                                                                                                                                                                                                                                                         |
| <b>Standard Life abrdn Sustainable Index Asia Pacific (ex Japan) Equity Pension Fund*</b>                                                 | <p>Total engagements: 75<br/>Number of entities engaged: 42</p> <p>Environmental: 39<br/>Social: 29<br/>Governance: 59</p>      | <p><b>Engagement example (Environmental – Climate Change):</b><br/>Abrdn engaged with Anglo American PLC, a British multinational mining company. The engagement was part of a Net Zero initiative targeting the top 20 highest financed emitters across equity and credit holdings. This marked the second year of engagement, focused on evaluating progress against milestones established during the 2023 meeting.</p>                                                                                                                                                                                                                                                                                                      |
| <b>Standard Life abrdn Sustainable Index Emerging Market Equity Pension Fund*</b><br><br><b>Standard Life abrdn Property Pension Fund</b> | <p>Total engagements: 335<br/>Number of entities engaged: 183</p> <p>Environmental: 138<br/>Social: 140<br/>Governance: 223</p> | In 2022, engagement with Anglo American revealed the company was already reporting Scope 1 and 2 emissions, with an absolute reduction target of 30% by 2030. Collaborating with Carbon Tracker, it updated its Scope 3 methodology, aiming for a 50% reduction by 2040. While these targets aligned with the Paris Agreement's 1.5°C goal, they lacked formal certification from the Science Based Targets initiative (SBTi). Anglo American acknowledged industry-wide challenges in defining                                                                                                                                                                                                                                 |



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|                                                                                                                             | <p>Abrdn are currently unable to provide engagement data by fund for property, gilt, corporate bond and cash funds but are considering how such information can be provided going forward.</p>  | <p>"green revenues," proposing a focus on "enabling products" to support the low-carbon transition. During discussions with Abrdn, three key objectives were established:</p> <ol style="list-style-type: none"> <li>1. GHG Progress Monitoring: Track ongoing reductions across all emission scopes using defined KPIs.</li> <li>2. Clarifying Green Revenues: Develop transparent definitions and reporting frameworks for revenue linked to sustainable practices.</li> <li>3. Enhanced Disclosure: Improve transparency around target-setting processes and capital allocation aligned with transition goals.</li> </ol> <p>The engagement underscored the need for clearer metrics and accountability to bridge gaps between ambition, methodology, and stakeholder expectations.</p> <p>Following the 2024 meeting with Abrdn, Anglo American's Head of Sustainability provided updates on the company's climate strategy and emissions reduction progress. The company aligns with the steel industry's shift from blast furnaces to electric arc furnaces, driven by stronger policy support in Europe compared to Asia. Anglo American expressed confidence in meeting its Scope 1 and 2 targets, citing renewable energy initiatives like the Envusa Energy project and methane mitigation efforts. However, Scope 3 emissions remain challenging due to limited control over downstream value chain activities. While the company has no plans to define "green capital expenditure," it shared details on investments in green projects.</p> <p>Looking ahead to 2025, progress against Net Zero engagement milestones will be evaluated. If advancements fall short, Abrdn will implement escalation measures—including potential voting action—to ensure accountability</p> |
| <b>SL iShares Sustainable Global Property Securities Asset Fund</b>                                                         | <p>Total engagements: 85<br/>Number of entities engaged: 68</p> <p>Environmental: 35<br/>Social: 29<br/>Governance: 84</p>                                                                      | <p>BlackRock provide a firmwide policy document which sets out their engagement priorities. These are board quality and effectiveness, strategy, purpose and financial resilience, incentives aligned with financial value creation, climate and natural capital and company impacts on people.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>SL PUTM Bothwell Emerging Market Debt Unconstrained Pension Fund</b><br><b>SL PUTM Bothwell Global Bond Pension Fund</b> | <p>Phoenix are currently unable to provide engagement data by fund for EM debt, gilt, corporate bond and cash funds but are considering how such information can be provided going forward.</p> | <p>Phoenix's stewardship approach covers 4 major themes: climate change, human rights, nature and international standards.</p> <p><a href="#">Stewardship</a></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>SL Vanguard Global Corporate Bond Index Pension Fund</b><br><b>SL Vanguard Global Short-Term</b>                         | <p>Vanguard are currently unable to provide engagement data by fund for gilt, corporate bond and cash funds but are considering how such</p>                                                    | <p>Vanguard's investment stewardship principles cover 4 distinct topics; board composition and effectiveness, board oversight of strategy and risk, executive pay and shareholder rights.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

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| Corporate Bond Index Pension Fund                                  | information can be provided going forward.                                                                                                                                             | <a href="#">Investment Stewardship reports and policies   Vanguard</a><br><b>Engagement example (Shareholder rights):</b><br>Vanguard engaged with MarketAxess Holdings Inc. (MarketAxess), a US listed electronic trading platform. The engagement was following MarketAxess' two proposals addressed shareholders' rights to call special meetings. These include: <ul style="list-style-type: none"> <li>• Shareholder Proposal: Allow shareholders holding 10% of outstanding common stock (no holding period) to call a special meeting.</li> <li>• Company Proposal: Require shareholders to hold 25% of shares continuously for at least one year to exercise the same right.</li> </ul> <p>Prior to the 2024 proposals, MarketAxess' governing documents did not grant shareholders the right to call a special meeting. In its 2024 proxy statement, the company explained that the 25% ownership threshold in its management proposal aligned with the standards adopted by a majority of its S&amp;P 500 peers. MarketAxess also disclosed that it had solicited shareholder feedback on the issue during engagement efforts and concluded, based on this input, that shareholders generally supported establishing the right to call a special meeting at the 25% threshold.</p> <p>After evaluating both proposals, Vanguard made the decision to support the management's 25% ownership threshold (with a one-year holding requirement) as it aligned with shareholders' long-term financial interests. The rationale was that a 25% threshold ensures only shareholders with a significant stake—and thus a vested, sustained interest—could call a special meeting, preventing fragmented or short-term actions. The one-year holding period was deemed reasonable and not overly restrictive. Consequently, the management proposal was endorsed, and the shareholder proposal (10% threshold, no holding period) was opposed.</p> |
| SL Vanguard UK Investment Grade Bond Index Pension Fund            |                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| SL Vanguard UK Short-Term Investment Grade Bond Index Pension Fund |                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| SL abrdn Short Dated Sterling Corporate Bond Tracker Pension Fund  |                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| SL abrdn Short Dated Global Corporate Bond Tracker Pension Fund    | Abdn are currently unable to provide engagement data by fund for property, gilt, corporate bond and cash funds but are considering how such information can be provided going forward. | As shown above for Standard Life abrdn Equity Pension Funds.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| SL abrdn Global Inflation-Linked Bond Tracker Pension Fund         |                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Standard abrdn Life Money Market Pension Fund                      |                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
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Note: Engagements might fall under multiple criteria and therefore the total ESG engagements may be greater than the sum of the engagements split by type.

\* Aberdeen (abrdn) investments only produce ICSWG engagement data for the calendar year, therefore engagement data for Standard Life funds managed by abrdn are as at 31 December 2024.

# 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.

There were no voting rights attached to the DB Fund's investment over the 12-month period to 31 March 2025. The majority of the residual assets are credit based, where there are no voting rights attached.

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 2025. 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
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| DC Section                                             |                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Standard Life Sustainable Index US Equity Pension Fund | Votable Proposals: 3,070                      | <b>The Walt Disney Company</b> <ul style="list-style-type: none"> <li><i>Date of vote</i> : 20 March 2025</li> <li><i>Reasoning for significant vote</i> : Standard Life considered this a significant vote under Category 2 (SV2), which covers shareholder and Environmental &amp; Social (E&amp;S) resolutions. This includes votes on shareholder E&amp;S proposals where engagement occurred with the proponent or company, management-presented E&amp;S proposals, and cases where voting contrary to management recommendations highlighted material governance or sustainability concerns.</li> <li><i>Approx. holding size</i> : 0.36%</li> <li><i>Summary of resolution</i> : Report on climate risk in retirement plan options</li> <li><i>Manager vote</i> : Against</li> <li><i>Vote against management, was intent communicated ahead of the vote</i> : n/a</li> <li><i>Voting rationale</i> : Standard Life voted against the report on climate risk as The company's 401(k) plan offers a range of investment options, which provides employees the flexibility to be able to invest retirement savings in a manner that aligns with their preferences. The retirement plan is also managed by a third-party fiduciary rather than the board.</li> <li><i>Outcome of vote</i> : n/a</li> <li><i>Next steps</i> : Standard Life assess each company and voting outcomes individually, without predefined next steps. Post-vote, follow-ups may occur to encourage improvements ahead of future meetings, with ongoing monitoring to track progress. If significant concerns arise about a company's approach to key issues, further escalation strategies may be deployed.</li> </ul> |
|                                                        | Proposals Voted: 3,002                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|                                                        | For 'management' votes: 2,336                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|                                                        | Against 'management' votes: 666               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|                                                        | Abstain votes: 0                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|                                                        | Withheld votes: n/a                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|                                                        | Non-proxy agent votes: n/a                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|                                                        | Proxy agent votes: n/a                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Standard Life Sustainable Index UK Equity              | Votes contrary to proxy adviser: 531          | <b>CVS Group Plc.</b> <ul style="list-style-type: none"> <li><i>Date of vote</i> : 20 Nov 2024</li> <li><i>Reasoning for significant vote</i> : Standard Life considered this a significant vote under Significant Vote Category 5 ('SV5'): Votes</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                        | Use of proxy voter: Yes (ISS's ProxyExchange) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

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| <b>Pension Fund</b>                                                 | <p>For 'management' votes: 2,438</p> <p>Against 'management' votes: 28</p> <p>Abstain votes: 9</p> <p>Withheld votes: n/a</p> <p>Non-proxy agent votes: n/a</p> <p>Proxy agent votes: n/a</p> <p>Votes contrary to proxy adviser: 23</p> <p>Use of proxy voter: Yes (ISS's ProxyExchange)</p>                                                                  | <p>contrary to custom policy, which focuses on large active holdings where voting contrary to custom policy followed detailed analysis.</p> <ul style="list-style-type: none"> <li>• <i>Approx. holding size</i> : 0.19%</li> <li>• <i>Summary of resolution</i> : Advisory vote to ratify named executive officers' compensation</li> <li>• <i>Manager vote</i> : For</li> <li>• <i>Vote against management, was intent communicated ahead of the vote</i> : n/a</li> <li>• <i>Voting rationale</i> : Standard Life voted for the ratification of compensation as the proposed changes, which combine executive salary increases with pension reductions, overall creates a more balanced package.</li> <li>• <i>Outcome of vote</i> : n/a</li> <li>• <i>Next steps</i> : Standard Life assess each company and voting outcomes individually, without predefined next steps. Post-vote, follow-ups may occur to encourage improvements ahead of future meetings, with ongoing monitoring to track progress. If significant concerns arise about a company's approach to key issues, further escalation strategies may be deployed.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Standard Life Sustainable Index European Equity Pension Fund</b> | <p>Votable Proposals: 4,945</p> <p>Proposals Voted: 4,046</p> <p>For 'management' votes: 3,523</p> <p>Against 'management' votes: 509</p> <p>Abstain votes: 14</p> <p>Withheld votes: n/a</p> <p>Non-proxy agent votes: n/a</p> <p>Proxy agent votes: n/a</p> <p>Votes contrary to proxy adviser: 277</p> <p>Use of proxy voter: Yes (ISS's ProxyExchange)</p> | <p><b>Nordea Bank Abp</b></p> <ul style="list-style-type: none"> <li>• <i>Date of vote</i> : 20 March 2025</li> <li>• <i>Reasoning for significant vote</i> : Standard Life considered this a significant vote under Category 2 (SV2), which covers shareholder and Environmental &amp; Social (E&amp;S) resolutions. This includes votes on shareholder E&amp;S proposals where engagement occurred with the proponent or company, management-presented E&amp;S proposals, and cases where voting contrary to management recommendations highlighted material governance or sustainability concerns.</li> <li>• <i>Approx. holding size</i> : 0.50%</li> <li>• <i>Summary of resolution</i> : Approve business activities in line with the Paris Agreement</li> <li>• <i>Manager vote</i> : Against</li> <li>• <i>Vote against management, was intent communicated ahead of the vote</i> : n/a</li> <li>• <i>Voting rationale</i> : Standard Life voted against the business activities approval as support of the resolution is not warranted considering the steps which the company has already taken. This includes setting out a clear objective to reach Net Zero by 2050, membership of the Net Zero Banking Alliance, Net Zero Asset Owner Alliance and Net Zero Asset Managers Initiative. In relation to the oil and gas sector the company has reduced its portfolio exposures by 75% between 2019 and 2024.</li> <li>• <i>Outcome of vote</i> : n/a</li> <li>• <i>Next steps</i> : Standard Life assess each company and voting outcomes individually, without predefined next steps. Post-vote, follow-ups may occur to encourage improvements ahead of future meetings, with ongoing monitoring to track progress. If significant concerns arise about a company's approach to key issues, further escalation strategies may be deployed.</li> </ul> |
| <b>Standard Life Sustainable Index Japan Equity</b>                 | <p>Votable Proposals: 1,939</p> <p>Proposals Voted: 1,939</p>                                                                                                                                                                                                                                                                                                  | <p><b>Mitsubishi UFJ Financial Group, Inc.</b></p> <ul style="list-style-type: none"> <li>• <i>Date of vote</i> : 27 June 2024</li> <li>• <i>Reasoning for significant vote</i> : Standard Life considered this a significant vote under Significant Vote Category 5 ('SV5'): Votes</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

|                                                                             |                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Pension Fund                                                                | For 'management' votes: 1,838                 | <p>contrary to custom policy, which focuses on large active holdings where voting contrary to custom policy followed detailed analysis.</p> <ul style="list-style-type: none"> <li>• <i>Approx. holding size</i> : 2.9%</li> <li>• <i>Summary of resolution</i> : Elect Director Mike, Kanetsugu</li> <li>• <i>Manager vote</i> : For</li> <li>• <i>Vote against management, was intent communicated ahead of the vote</i> : n/a</li> <li>• <i>Voting rationale</i> : Standard Life voted for the Director election as they believe management is setting reasonable targets on the reduction of cross-shareholdings.</li> <li>• <i>Outcome of vote</i> : n/a</li> <li>• <i>Next steps</i> : Standard Life assess each company and voting outcomes individually, without predefined next steps. Post-vote, follow-ups may occur to encourage improvements ahead of future meetings, with ongoing monitoring to track progress. If significant concerns arise about a company's approach to key issues, further escalation strategies may be deployed.</li> </ul>                                                                                                                                                                                                                                                                        |
|                                                                             | Against 'management' votes: 77                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                             | Abstain votes: 24                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                             | Withheld votes: n/a                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                             | Non-proxy agent votes: n/a                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                             | Proxy agent votes: n/a                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                             | Votes contrary to proxy adviser: 57           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Standard Life Sustainable Index Asia Pacific (ex Japan) Equity Pension Fund | Use of proxy voter: Yes (ISS's ProxyExchange) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                             | Votable Proposals: 5,627                      | <b>Public Bank Berhad</b> <ul style="list-style-type: none"> <li>• <i>Date of vote</i> : 28 November 2024</li> <li>• <i>Reasoning for significant vote</i> : Standard Life considered this a significant vote under Significant Vote Category 4 ('SV4'): Corporate Transactions, which focuses on selected votes that have a material financial impact on the investment, with particular attention to acquisitions and their implications for shareholder value.</li> <li>• <i>Approx. holding size</i> : 0.43%</li> <li>• <i>Summary of resolution</i> : Approve proposed acquisition and proposed mandatory general offer</li> <li>• <i>Manager vote</i> : For</li> <li>• <i>Vote against management, was intent communicated ahead of the vote</i> : n/a</li> <li>• <i>Voting rationale</i> : Standard Life voted for the proposed acquisition as they are supportive of the transaction</li> <li>• <i>Outcome of vote</i> : n/a</li> <li>• <i>Next steps</i> : Standard Life assess each company and voting outcomes individually, without predefined next steps. Post-vote, follow-ups may occur to encourage improvements ahead of future meetings, with ongoing monitoring to track progress. If significant concerns arise about a company's approach to key issues, further escalation strategies may be deployed.</li> </ul> |
|                                                                             | Proposals Voted: 5,601                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                             | For 'management' votes: 4,903                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                             | Against 'management' votes: 666               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                             | Abstain votes: 32                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                             | Withheld votes: n/a                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Standard Life Sustainable Index Emerging Market Equity Pension Fund         | Non-proxy agent votes: n/a                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                             | Proxy agent votes: n/a                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                             | Votes contrary to proxy adviser: 127          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                             | Use of proxy voter: Yes (ISS's ProxyExchange) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                             | Votable Proposals: 10,603                     | <b>Banco Bradesco SA</b> <ul style="list-style-type: none"> <li>• <i>Date of vote</i> : 10 March 2025</li> <li>• <i>Reasoning for significant vote</i> : Standard Life considered this a significant vote under Category 2 (SV2), which covers shareholder and Environmental &amp; Social (E&amp;S) resolutions. This includes votes on shareholder E&amp;S proposals where engagement occurred with the proponent or company, management-presented E&amp;S proposals, and cases where voting contrary to management recommendations highlighted material governance or sustainability concerns.</li> <li>• <i>Approx. holding size</i> : 0.15%</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|                                                                             | Proposals Voted: 10,085                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                             | For 'management' votes: 8,392                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                             | Against 'management' votes: 1,168             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                             | Abstain votes: 525                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

|                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Withheld votes: n/a                           | <ul style="list-style-type: none"> <li>• <i>Summary of resolution</i> : Elect Ava Cohn as Fiscal Council Member and Marcos Aparecido Galende as Alternate Appointed by Preferred Shareholder</li> </ul>                                                                                                                                                                                                                                                                  |
| Non-proxy agent votes: n/a                    | <ul style="list-style-type: none"> <li>• <i>Manager vote</i> : For</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                            |
| Proxy agent votes: n/a                        | <ul style="list-style-type: none"> <li>• <i>Vote against management, was intent communicated ahead of the vote</i> : n/a</li> </ul>                                                                                                                                                                                                                                                                                                                                      |
| Votes contrary to proxy adviser: 183          | <ul style="list-style-type: none"> <li>• <i>Voting rationale</i> : Standard Life voted for the elections as they have engaged with the company previously, and have met with Ava. Standard Life believe she meets in the independence criteria so we are comfortable to support.</li> </ul>                                                                                                                                                                              |
| Use of proxy voter: Yes (ISS's ProxyExchange) | <ul style="list-style-type: none"> <li>• <i>Outcome of vote</i> : n/a</li> <li>• <i>Next steps</i> : Standard Life assess each company and voting outcomes individually, without predefined next steps. Post-vote, follow-ups may occur to encourage improvements ahead of future meetings, with ongoing monitoring to track progress. If significant concerns arise about a company's approach to key issues, further escalation strategies may be deployed.</li> </ul> |

### **Aberdeen's policy on voting**

Abrdn's company votes and engagement align with their stewardship policy. Their process of using proxy votes and information on voting and engagement policies can be found in their annual stewardship report.

Abrdn Stewardship Report





# 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 1<sup>st</sup> April 2024 to 31<sup>st</sup> 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 Trustees 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 (%) |
|-------------|--------------------------------|
|-------------|--------------------------------|

|                                        | 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                                  |              |              |              |                                  |
| <b>Total</b>                           | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b>                     |

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.

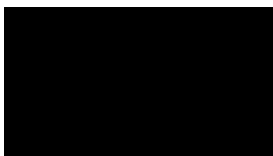
All the key documents and policies relating to the Fund including its Trust Deed and Rules and Statement of Investment Principles, are kept electronically, are kept up to date and are available to the Board for reference at all times, and consulted as necessary, including during meetings. The Trustee 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<br>31/3/25                                                                    | Before charges (£) | After all costs and<br>charges deducted (£) | Before charges (£) | After all costs and<br>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<br>31/3/25 | Standard Life Global Diversified Growth<br>(LR) Pension Fund<br>(Highest Charging Fund) |                                             | Standard Life At Retirement - Lump Sum<br>Pension Fund<br>(Lowest Charging Fund) |                                             |
|                       | Before charges (£)                                                                      | After all costs and<br>charges deducted (£) | Before charges (£)                                                               | After all costs and<br>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<br>31/3/25 | Standard Life Global Diversified Growth<br>(LR) Pension Fund<br>(Highest Charging Fund) |                                             | Standard Life At Retirement - Lump Sum<br>Pension Fund<br>(Lowest Charging Fund) |                                             |
|-----------------------|-----------------------------------------------------------------------------------------|---------------------------------------------|----------------------------------------------------------------------------------|---------------------------------------------|
|                       | Before charges (£)                                                                      | After all costs and<br>charges deducted (£) | Before charges (£)                                                               | After all costs and<br>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<br>31/3/25 | Standard Life Passive Global Equity 50:50<br>(LR) Pension Fund<br>(Highest Returning Fund) |                                             | Standard Life Deposit & Treasury (LR)<br>Pension Fund<br>(Lowest Returning Fund) |                                             |
|                       | Before charges (£)                                                                         | After all costs and<br>charges deducted (£) | Before charges (£)                                                               | After all costs and<br>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<br>31/3/25 | Standard Life Passive Global Equity 50:50<br>(LR) Pension Fund<br>(Highest Returning Fund) |                                             | Standard Life Deposit & Treasury (LR)<br>Pension Fund<br>(Lowest Returning Fund) |                                             |
|                       | Before charges (£)                                                                         | After all costs and<br>charges deducted (£) | Before charges (£)                                                               | After all costs and<br>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.

| <b>Fund</b>                                                       | <b>Return assumption above inflation (p.a.)</b> |
|-------------------------------------------------------------------|-------------------------------------------------|
| 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 | <ul style="list-style-type: none"> <li>• 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.</li> <li>• The Fund's investment managers are invited, in person, to present to the Trustee on their performance, strategy and risk exposures.</li> </ul> | <ul style="list-style-type: none"> <li>• There are significant changes made to the investment strategy.</li> <li>• The risk levels within the assets managed by the investment managers have increased to a level above and beyond the Trustee's expectations.</li> <li>• Underperformance vs the performance objective over the period that this objective applies.</li> </ul> |

|                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                |
|----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Environmental, Social, Corporate Governance factors and the exercising of rights | <ul style="list-style-type: none"> <li>• The Trustee’s investment managers provide annual reports on how they have engaged with issuers regarding social, environmental and corporate governance issues.</li> <li>• The Trustee receives information from their investment advisers on the investment managers’ approaches to engagement.</li> <li>• 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.</li> </ul> | <ul style="list-style-type: none"> <li>• The manager has not acted in accordance with their policies and frameworks (including stewardship priorities).</li> <li>• The manager’s policies are not in line with the Trustee’s policies in this area.</li> </ul> |
|----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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

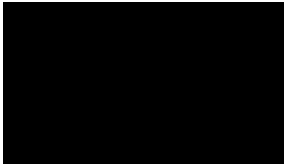
For members who want to make their own investment decisions, the Trustee offers a range of self-select funds. This option does not offer the member automatic de-risking, it is up to the member to make sure their investments meet their long-term objectives.

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

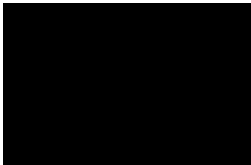
Some members have legacy AVC arrangements with Standard Life. The Trustee monitors these on a regular basis.

**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):  .....

## **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.

| <b>Fund Name</b>                                                  | <b>TER (% p.a.)</b> |
|-------------------------------------------------------------------|---------------------|
| <b>Bonds</b>                                                      |                     |
| 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                |
| <b>Global Equities</b>                                            |                     |
| 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                |
| <b>UK Equities</b>                                                |                     |
| 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                |
| <b>Money Market Instruments (including cash)</b>                  |                     |
| Standard Life Deposit & Treasury (LR) Pension Fund                | 0.15                |
| <b>Multi Asset</b>                                                |                     |
| Standard Life Ethical (LR) Pension Fund                           | 0.20                |
| <b>Other</b>                                                      |                     |
| Standard Life Global Diversified Growth (LR) Pension Fund         | 0.80                |
| <b>Property (including property securities)</b>                   |                     |
| 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.

| <b>Risks</b> | <b>Definition</b>                                                                                                     | <b>Policy</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------|-----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Investment   | The risk that the Fund's position deteriorates due to the assets underperforming.                                     | <ul style="list-style-type: none"> <li>• Selecting an investment objective that is achievable and is consistent with the Fund's funding basis and the sponsoring company's covenant strength.</li> <li>• Investing in a diversified portfolio of assets.</li> <li>• The buy-in effectively removes all investment risk from the DB Section</li> </ul>                                                                                                                                                                                               |
| Funding      | The extent to which there are insufficient Fund assets available to cover ongoing and future liability cash flows.    | <ul style="list-style-type: none"> <li>• Funding risk is considered as part of the investment strategy review and the actuarial valuation.</li> <li>• 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.</li> <li>• The buy-in effectively removes all funding risk from the DB Section</li> </ul>                                                                                                                           |
| Covenant     | The risk that the sponsoring company becomes unable to continue providing the required financial support to the Fund. | <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul> |



|  |  |                                                                                                                                                                                    |
|--|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  |  | <ul style="list-style-type: none"> <li>The Fund can now rely on the insurer covenant (although the sponsoring company's covenant is still relevant up until any buyout)</li> </ul> |
|--|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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.                            | <p>The buy-in removes liquidity risk from the DB Section.</p> <p>Within the DC Section, liquidity risk is managed by typically offering members pooled funds that are readily redeemable in normal circumstances at reasonable prices.</p>                                                                                                  |
| Market                       | Experiencing losses due to factors that affect the overall performance of the financial markets.                                                      | <p>To remain appropriately diversified and hedge away any unrewarded risks, where practicable.</p> <p>Given the heavily regulated nature of the bulk annuity market, market risk is effectively removed from the DB Section.</p>                                                                                                            |
| Credit                       | Default on payments due as part of a financial security contract.                                                                                     | <p>To diversify this risk by investing in a range of credit markets across different geographies and sectors.</p> <p>Given the heavily regulated nature of the bulk annuity market, credit risk is effectively removed from the DB Section.</p>                                                                                             |
| Diversification              | The risk that investments are too concentrated in terms of sector, industry, sub-asset class.                                                         | <p>Given the nature of the buy-in, diversification is not a relevant consideration in the DB Section.</p> <p>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.</p> |
| 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:<br>1. Responsible Investment ('RI') Policy / Framework<br>2. Implemented via Investment Process<br>3. A track record of using engagement and any voting rights to manage ESG factors<br>4. ESG specific reporting<br>5. UN PRI Signatory<br>6. UK Stewardship Code signatory<br>The Trustee monitors the managers on an ongoing basis.<br>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.<br><br>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):

|                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>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.</b></p> | <ul style="list-style-type: none"> <li>• The Trustee reviews the investment managers' performance relative to medium and long-term objectives as documented in the investment management agreements.</li> <li>• The Trustee monitors the investment managers' engagement and voting activity on an annual basis as part of their ESG monitoring process.</li> <li>• The Trustee does not incentivise the investment managers to make decisions based on non-financial performance.</li> </ul>                                                                                                                                                                                           |
| <p><b>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.</b></p>                                                                                       | <ul style="list-style-type: none"> <li>• 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.</li> <li>• The Trustee evaluates performance over the time period stated in the investment managers' performance objective, which is typically 3 to 5 years.</li> <li>• The Trustee monitors Since Inception returns of the investment managers on a quarterly basis, as part of the ongoing quarterly monitoring.</li> <li>• Investment manager fees are reviewed annually to make sure the correct amounts have been charged and that they remain competitive.</li> </ul> |
| <p><b>The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover or turnover range.</b></p>                                                                                            | <ul style="list-style-type: none"> <li>• 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.</li> <li>• Within the DC Section the Trustee monitors turnover costs as part of the annual Chair's Statement in the Trustee Report and Accounts.</li> </ul>                                                                                                                                                                                                                                                                                       |
| <p><b>The duration of the Fund's arrangements with the investment managers</b></p>                                                                                                                                                                                         | <ul style="list-style-type: none"> <li>• The duration of the arrangements is considered in the context of the type of fund the Fund invests in. <ul style="list-style-type: none"> <li>○ 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.</li> <li>○ For open-ended funds, the duration is flexible and the Trustee will, from time-to-time, consider the appropriateness of these investments</li> </ul> </li> </ul>                                                                                                                         |

|                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                    | <p>and whether they should continue to be held.</p> <ul style="list-style-type: none"> <li>○ 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.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Voting Policy - How the Trustee expects investment managers to vote on its behalf</b>                                           | <ul style="list-style-type: none"> <li>• The Trustee has acknowledged responsibility for the voting policies that are implemented by the Fund's investment managers on their behalf.</li> <li>• The Trustee is aware of its investment managers' stewardship policies and has considered alignment with their own stewardship priorities.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Engagement Policy - How the Trustee will engage with investment managers, direct assets and others about 'relevant matters'</b> | <ul style="list-style-type: none"> <li>• The Trustee has acknowledged responsibility for the engagement policies that are implemented by the Fund's investment managers on its behalf.</li> <li>• The Trustee, via its investment advisers, will engage with managers about 'relevant matters' (including the Fund's stewardship priorities) at least annually.</li> <li>• Example stewardship activities that the Trustee has considered are listed below. <ul style="list-style-type: none"> <li>○ 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.</li> </ul> </li> <li>• Collaborative investor initiatives – the Trustee will consider joining/ supporting collaborative investor initiatives.</li> </ul> |

## **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.