



Lloyd's Register Superannuation Fund Association

August 2021

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 schemes need to consider how these factors are managed as part of their fiduciary duty. The regulatory changes require that schemes detail their policies in their statement of investment principles (SIP) and demonstrate adherence to these policies in an implementation report.

Statement of Investment Principles (SIP)

The Fund previously updated its SIP in response to the DWP regulation to cover:

- policies for managing financially material considerations including ESG factors and climate change
- policies on the stewardship of the investments
- an explanation of how the default strategy is in the best interest of members

The SIP can be found online at the web address

https://www.lrpensionport.co.uk/system/refinery/resources/W1siZiIsIjIwMjEvMDcvMjMvNW84ZjZmZ2ZnOV9MbG95ZF9zX1JlZ2lzdGVyX1NlUjF8yMDlxX19fQ2xiYW5fRmVjXzlwMjEucGRmlld/Lloyd%27s%20Register%20SIP%20-%202021%20_%20Clean%20Feb%202021.pdf and changes to the SIP are detailed on the following page.

Implementation Report

This implementation report is to provide evidence that the Fund continues to follow and act on the principles outlined in the SIP. This report 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 2021 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

Over the period, the Trustee revised the investment strategy for the Defined Benefit (DB) Section by de-risking. The Fund fully disinvested from the LGIM World Equity Fund in Q4 2020 and the M&G Alpha Opportunities Fund in Q1 2021, with proceeds invested into the LGIM Buy & Maintain Bond mandate.

The Trustee also undertook a review of the DB Section's liability hedging, revising the hedge ratio from 94% to 100% for both interest rate and inflation movements. These changes have been reflected in the latest version of the SIP.

Over the reporting year the Trustee implemented a number of changes to the Defined Contribution (DC) Section self-select range with the aim of consolidating and streamlining the funds offered. These changes were implemented in November 2020.

The Trustee is also in the process of reviewing the default DC investment strategy, to ensure it remains fit for purpose. Further details of this review and any changes will be communicated in due course.

In August 2020 the Trustee undertook the annual ESG review across both the DC and DB sections, to understand each managers' approach to integrating ESG factors. The findings from that review are summarised in this report.

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
DB and DC			
Interest rates and inflation	The risk of mismatch between the value of the Fund assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge 94% of these risks within the DB Section.	DB: There were no changes to the policy during the reporting year. However, post year-end, the Trustee increased the interest rate and inflation hedging to 100% for the Fund.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI manager. The DC Section offers members pooled funds which are readily redeemable in normal circumstances.	DB: There have been no changes to the policy. The liquidity of the DB assets are monitored on a quarterly basis. DC: Over the reporting period the LR Property Fund (which is offered on a self-select basis) was suspended due to valuation uncertainty. Members' funds were temporarily diverted into cash, and then transferred back into the Property Fund when it reopened.
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.	There have been no changes to the policy. The Trustees review the performance of the Sections on a quarterly basis.
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.	There have been no changes to the policy. The Trustees review the performance of the Sections on a quarterly basis.
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.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: 1. Responsible Investment ('RI') Policy / Framework	The Trustee undertook an ESG review of the Sections in August 2020, with further detail provided later in this report.

		<p>2. Implemented via Investment Process</p> <p>3. A track record of using engagement and any voting rights to manage ESG factors</p> <p>4. ESG specific reporting</p> <p>5. UN PRI Signatory</p> <p>The Trustees monitor the managers on an ongoing basis.</p>	
Currency	The potential for adverse currency movements to have an impact on the Fund's investments.	To largely invest in GBP share classes where possible to eliminate direct currency risk. Within the DC section this is managed by providing the membership with a number of GBP based investment options and communicating those funds which invest overseas.	No changes to the policy.
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.	No changes to the policy.
DB Only			
Investment	The risk that the Fund's position deteriorates due to the assets underperforming.	<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>The Trustee changed the investment target for the Fund from Gilts+2.3% p.a. to Gilts+1.5% p.a.</p> <p>The Fund disinvested from the LGIM World Equity and M&G Total Return Credit mandates with the aim to de-risk the portfolio. Proceeds were invested in the LGIM Buy & Maintain Credit mandate.</p>
Funding	The extent to which there are insufficient Fund assets available to cover ongoing and future liability cash flows.	<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>	There have been no changes to the policy. The Trustees review the funding position of the DB Section on a quarterly basis.

Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Fund.	When developing the Fund's investment and funding objectives, the Trustee takes account of the strength of the covenant ensuring the level of risk the Fund is exposed to is at an appropriate level for the covenant to support.	There have been no changes to the policy. The Trustees review the covenant position of the Sections' on a triennially basis in conjunction with the Actuarial Valuation, and more frequently if any significant events occur.
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 Trustee is in the process of undertaking the 2021 triennial review of the default strategy.
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.	The Trustee reviewed the self-select range in 2020 and made a number of changes to streamline the funds offered.
DC specific risks	In addition to the risks across both sections, the Trustees consider DC specific risks including inflation, conversion, opportunity cost, manager and capital risks.	The Trustee undertakes regular monitoring of fund performance and example member experience.	No changes to the policy. Investment performance and example member experience was reviewed quarterly over the reporting period.

Changes to the SIP

Policies added to the SIP

Date updated: February 2021

Investment Management Arrangements

The Trustee has appointed 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 DB Section, the Trustee has appointed a custodian to operate alongside the investment managers in place. The custodian provides safekeeping for the assets, and performs all associated administrative duties such as the collection of dividends.

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"> 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. <p>The Fund's investment managers are invited, in person, to present to the Trustee on their performance, strategy and risk exposures.</p>	<ul style="list-style-type: none"> There are significant changes made to the investment strategy. The risk levels within the assets managed by the investment managers have increased to a level above and beyond the Trustee's expectations. <p>Underperformance vs the performance objective over the period that this objective applies.</p>
Environmental, Social, Corporate Governance factors and the exercising of rights	<ul style="list-style-type: none"> The Trustee's investment managers provide annual reports on how they have engaged with issuers regarding social, environmental and corporate governance issues. <p>The Trustee receives information from their investment advisers on the investment managers' approaches to engagement.</p>	<ul style="list-style-type: none"> The manager has not acted in accordance with their policies and frameworks. <p>The manager's policies are not in line with the Trustee's policies in this area.</p>

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.

Defined Benefit Section

Investment strategy

The Fund's current investment strategy is invested according to the following broad asset allocation:

Asset Class	Sub-Asset Class	Target Allocation	Control Ranges	Expected Return (relative to fixed interest gilts) (1)
Credit	Buy and maintain corporate bonds	30%	26%-34%	1.2%
	Diversified credit	7%	5%-9%	2.5%
	Direct lending	10%	n/a	4.2%
	Semi-liquid credit	10%	8% - 12%	3.7%
	Collateralised Loan Obligations ("CLOs")	10%	8%-12%	2.5%

Liability hedging	Liability Driven Investment ("LDI")	33%	29%-37%	0%
Cash		-	0% - 5%	n/a
Total		100%		

(1) Expressed relative to the yield on fixed interest gilts (the annual yield at the 10-year tenor on the Bank of England spot curve). This yield was 0.2% at 31 December 2020. Net of management fees.

The expected returns shown in the above table represent long-term expectations of asset classes as a whole. In some cases this may differ from the appointed investment manager's target performance objective. The Trustee is comfortable that the asset allocation sufficiently meets the expected return target for the Fund and has received advice from the Investment Consultant supporting this allocation.

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

Investment structure and mandates

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

Fund	Sub-Asset Class	Active / Passive	Target Allocation
Legal & General Investment Management ("LGIM")	Buy and maintain corporate bonds	Partially active (buy and maintain)	30%
Pacific Investment Management Company ("PIMCO")	Diversified credit	Active	7%
Alcentra Limited	Direct lending	Active	10%
Partners Group AG	Direct lending	Active	
Apollo Global Management	Semi-liquid credit	Active	10%
Barings	CLOs	Active	10%
Schroders	LDI	Passive	33%
Other (includes legacy investment at BlueCrest)	n/a	n/a	0%

Mandate target returns, objectives and fees

The Trustee ensures the underlying manager fees are competitive.

Fund	Benchmark	Objective	Fees (% p.a.)
PIMCO Diversified Income Fund	1/3 Barclays Global Aggregate Credit Component Index; 1/3 BofA Merrill Lynch Global High Yield BB-B Rated constrained Index; 1/3 JP Morgan EMBI Global Index; all GBP hedged	To outperform the benchmark by 0.75% - 1.25% p.a. (gross of fees)	0.69% on the first £75m, 0.64% on between £75m-£150m, 0.60% on above £150m
Alcentra Clareant European Direct Lending Fund II (Unlevered)	n/a	To achieve an average Internal Rate of Return ("IRR") of 8% - 10% (net of fees)	Base: 0.90% Performance: 10% subject to return hurdle of 5% p.a.
Partners Group Private Market Strategies S.A. - Compartment 2015 (VI) Fund	3 Month UK GBP LIBOR	To outperform the benchmark by 4% - 6% (net of fees) over the Fund lifetime	Base: 0.80% Performance: 8% subject to return hurdle of 4% p.a.
Partners Group Private Market Strategies 2018 (GBP) S.C.A., SICAV-RAIF Fund	3 Month UK GBP LIBOR	To outperform the benchmark by 4% - 6% (net of fees) over the Fund lifetime	Base: 0.80% Performance: 8% subject to return hurdle of 4% p.a.
Apollo Total Return Fund	3 Month UK GBP LIBOR	To outperform the benchmark by 6%-8% p.a. (gross of fees)	Base: 0.50% Performance: 0.475% subject to a return hurdle of 6% p.a.
Barings Investment Grade CLO Fund	3 Month UK GBP LIBOR	To outperform the benchmark by 2.5% p.a.	0.21%

LDI and buy and maintain corporate bonds mandate objective and fees

Mandate	Benchmark	Target interest rate and inflation hedge	Fees (% p.a.)
LGIM buy and maintain corporate bonds mandate	N/A	Seek to capture the return received from taking credit risk and liquidity risk.	0.12% on the first £150m; 0.11% on assets over £150m
Schroders – segregated LDI mandate	To track the Liability Hedge Benchmark	94% of the interest rate and inflation exposure borne from the Fund's Technical Provisions valued liabilities	0.035% of Liability Hedge Benchmark

The Liability Hedge Benchmark is defined as the movement in the hedged part of the Fund's liabilities valued on a Technical Provisions basis. Schroders will adjust the Hedge Benchmark to take into account the sensitivities of the buy and maintain corporate bonds mandate.

The Trustee and Sponsor reviews the target interest rate and inflation hedging levels as part of regular quarterly reporting and in respect of the long-term journey plan.

Schroders review the hedging annually to determine whether the solution is accurately tracking the movement in the hedged portion of the Fund's liabilities.

Defined Contribution Section

Investment Options

The Trustee currently makes available a range of funds to members. All of these funds are currently set up as "white-labelled" funds. This means that changes can be made to the underlying funds underneath the "white-label" whilst the overall fund that a member is invested in remains the same. The first table below sets out the range of "white-labelled" funds that are a combination of more than one underlying fund. The second table below sets out the range of funds that only have one underlying fund within the white-label. The Fund Charge quoted represents the latest available fees as at the date the SIP was agreed.

Blended white label fund range

	DGF	Overseas Equity (passive)	UK Equity (passive)	Corporate Bonds (active)	Index-linked Gilts (passive)	Emerging Market Equity (passive)	Cash	TER (p.a.)
LR Adventurous Fund	30%	42%	21%	-	-	7%	-	0.33%
LR Moderate Fund	30%	18%	9%	20%	20%	3%	-	0.31%

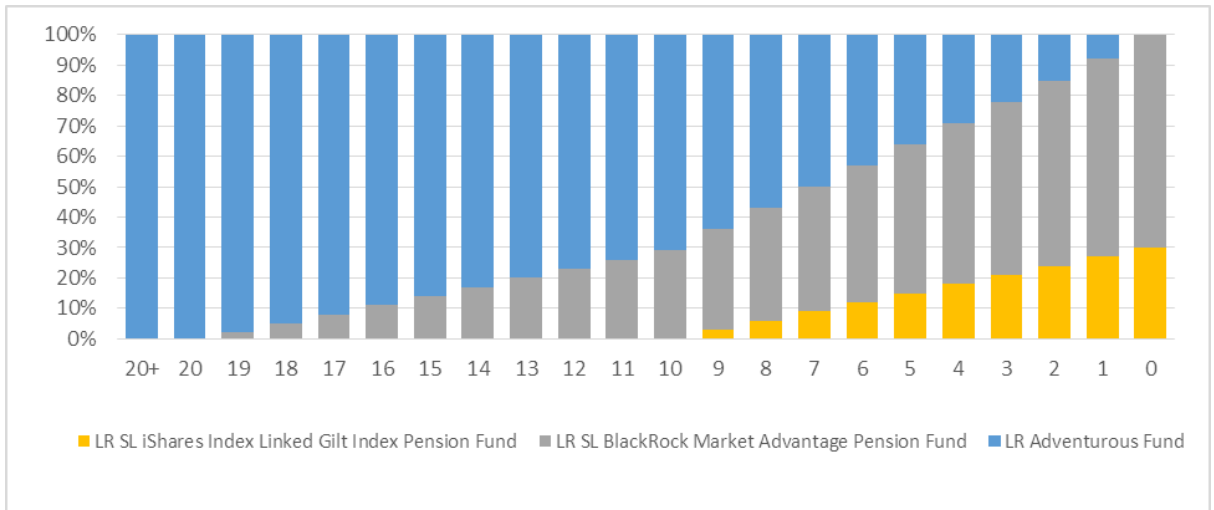
LR Fixed Income Fund	-	-	-	50%	50%	-	-	0.21%
LR Global Equity Passive	-	60%	30%	-	-	10%	-	0.24%

Single fund white label fund range

White Label Name	Underlying Fund	Benchmark	Fund Charge (% p.a.)
LR Emerging Markets Equity Fund	SL iShares Emerging Markets Equity Index Pension Fund	FTSE Emerging Total Return (net) GBP index	0.39%
LR SL iShares UK Equity Index Pension Fund	SL iShares UK Equity Index Pension Fund	FTSE All-Share Total Return (net) GBP index	0.23%
LR Diversified Growth	SL BlackRock Market Advantage Pension Fund	3 Month GBP LIBOR + 3.5% p.a.	0.52%
LR Standard Life Long Corporate Bond Pension Fund	Standard Life Long Corporate Bond Pension Fund	Markit iBoxx GBP Non-Gilt 10+ Year Total Return GBP index	0.22%
LR SL iShares Over 15 Year Gilt Index Pension Fund	SL iShares Over 15 Year Gilt Index Pension Fund	FTSE Actuaries UK Conventional Gilts Over 15 Years Total Return GBP index	0.21%
LR SL iShares Index Linked Gilt Index Pension Fund	SL iShares Index Linked Gilt Index Pension Fund	FTSE Actuaries UK Index-Linked Over 5 Years Total Return GBP index	0.21%
LR Sustainable Investments	SL Vanguard ESG Developed World All Cap Equity Index	FTSE Developed All Cap ex Controversies/Non-Renewable Energy/Vice Products/Weapons Total Return GBP Index	0.30%
LR Property Fund	Standard Life Property Pension Fund	ABI (Pension) UK Direct Property sector	0.31%
LR SL BlackRock Cash Pension Fund	SL BlackRock Cash Pension Fund	LIBID GBP 1 Week	0.27%

Default and Alternative Lifestyle Options

Current default - The lifestyle strategy shown below is the default investment option for members of the DC section.



The aim of the current default strategy is to provide stable growth in the early years with a focus on wealth preservation in later years as a member begins to approach their retirement date.

Listed below are the alternative lifestyle strategies available to existing members who wish to continue to target the purchase of an annuity at retirement:

Name	Structure
LR Pre-2015 5 Year Strategy	<ul style="list-style-type: none"> 100% LR Adventurous Fund, gradually switching into LR Fixed Income Fund beginning 5 years from retirement. LR SL BlackRock Cash Pension Fund introduced 3 years from retirement. Asset allocation at retirement 75% fixed income assets and 25% cash.
LR Pre-2015 10 Year Strategy	<ul style="list-style-type: none"> 100% LR Adventurous Fund, gradually switching into LR Fixed Income Fund beginning 10 years from retirement. LR SL BlackRock Cash Pension Fund introduced 3 years from retirement. Asset allocation at retirement 75% fixed income assets and 25% cash.
LR Pre-2015 15 Year Strategy	<ul style="list-style-type: none"> 100% Adventurous Fund, gradually switching into LR Fixed Income Fund beginning 15 years from retirement. LR SL BlackRock Cash Pension Fund introduced 3 years from retirement. Asset allocation at retirement 75% fixed income assets and 25% cash.

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 below:

Risks	Definition	Policy
Investment	The risk that the Fund's position deteriorates due to the assets underperforming.	<ul style="list-style-type: none"> Selecting an investment objective that is achievable and is consistent with the Fund's funding basis and the sponsoring company's covenant strength. Investing in a diversified portfolio of assets.
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"> Funding risk is considered as part of the investment strategy review and the actuarial valuation. The Trustee will agree an appropriate basis in conjunction with the investment strategy to ensure an appropriate journey plan is agreed to manage funding risk over time.
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"> When developing the Fund's investment and funding objectives, the Trustee takes account of the strength of the covenant ensuring the level of risk the Fund is exposed to is at an appropriate level for the covenant to support. The Trustee has also managed this risk by ensuring that the Fund has recourse to assets held separately in an escrow account. These assets will be paid into the Fund if the funding level falls below certain triggers at future valuation dates.

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.	To hedge 94% of these risks within the DB Section.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	<p>To maintain a sufficient allocation to liquid assets within the DB Section so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI manager.</p> <ul style="list-style-type: none"> 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 limit the impact of cash flow requirements on the policy. <p>Within the DC Section, liquidity risk is managed by typically offering members pooled funds that are</p>

		readily redeemable in normal circumstances at reasonable prices.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.
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.
Diversification	The risk that investments are too concentrated in terms of sector, industry, sub-asset class.	This is measured by observing the relative and absolute volatility of the investment options. Within the DC Section, it is also managed through the selection of broad-based funds that show internal diversification, as well as by offering the membership a fund range which provides for reasonable diversification.
Custodian	The risk that the custodian misplaces Fund investments that it is receiving, delivering or safekeeping.	To be measured by assessing the quality of the custodian bank: its abilities to settle trades on time and to keep safe custody of assets; and its financial strength (both to stay in business and to pay any claims due to the Fund). The Investment Committee monitors the custodian's activities within the DB Section and discusses the performance of the custodian with the investment managers where appropriate.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Fund's investments and member outcomes.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria: 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory The Trustee monitors the managers on an ongoing basis.
Currency	The potential for adverse currency movements to have an impact on the Fund's investments.	To largely invest in GBP share classes where possible to eliminate direct currency risk. Within the DC section this is managed by providing the membership with a number of GBP based investment options and communicating those funds which invest overseas.
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.

<p>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.</p>	<ul style="list-style-type: none"> • The Trustee reviews the investment managers' performance relative to medium and long-term objectives as documented in the investment management agreements. • The Trustee monitors the investment managers' engagement and voting activity on an annual basis as part of their ESG monitoring process. • The Trustee does not incentivise the investment managers to make decisions based on non-financial performance.
<p>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.</p>	<ul style="list-style-type: none"> • The Trustee reviews the performance of all the Fund's investments on a net of cost basis to ensure a true measurement of performance versus investment objectives. • The Trustee evaluates performance over the time period stated in the investment managers' performance objective, which is typically 3 to 5 years. • The Trustee monitors Since Inception returns of the investment managers on a quarterly basis, as part of the ongoing quarterly monitoring. • Investment manager fees are reviewed annually to make sure the correct amounts have been charged and that they remain competitive.
<p>The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover or turnover range.</p>	<ul style="list-style-type: none"> • Within the DB Section the Trustee does not directly monitor turnover costs. However, the investment managers are incentivised to minimise costs as they are measured on a net of cost basis. • Within the DC Section the Trustee monitors turnover costs as part of the annual Chair's Statement in the Trustee Report and Accounts.
<p>The duration of the Fund's arrangements with the investment managers.</p>	<ul style="list-style-type: none"> • 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"> ○ For closed-ended funds or funds with a lock-in period the Trustee ensures the timeframe of the investment or lock-in is in line with Trustee objectives and Fund's liquidity requirements. ○ For open-ended funds, the duration is flexible and the Trustee will, from time-to-time, consider the appropriateness of these investments and whether they should continue to be held.
<p>The SIP was updated to reflect changes made to the self-select fund-range in the DC Section.</p>	<ul style="list-style-type: none"> • The Funds in the self-select range for the DC section were changed to provide a more streamlined fund offering. The changes are listed below: <ul style="list-style-type: none"> ○ Switch from active to passive within the LR Emerging Markets Equity Fund ○ Switch from active to passive within the LR Global Equity Active Fund and renamed to LR Global Equity Passive ○ Closure of the LR SL BlackRock ACS 50:50 Global Equity Tracker Pension Fund and the LR SL Blackrock ACS 30:70 Global Equity Tracker (Hedged) Pension Fund, and moved into LR Global Equity Passive ○ Switch from Schroder DGF to BlackRock Market Advantage within the LR Moderate Fund ○ Closure of the LR Diversified Growth Fund, where the underlying fund was previously Schroder DGF,

- move to LR SL BlackRock Market Advantage Pension Fund and rename this fund to be the LR Diversified Growth Fund
- Closure of the LR Pre Retirement Fund and moved into underlying funds 25% LR SL BlackRock Cash Pension Fund and 75% LR SL iShares Index Linked Gilt Index Pension Fund

The SIP was updated to reflect the new expected return target for the DB section.

- The DB Section expected return target was updated following the de-risking activity completed over the year. The expected return target was reduced from Gilts + 2.3% p.a. to now being Gilts + 1.5% p.a.

The SIP was updated to reflect changes to the investment strategy for the DB Section

- Over the period, the DB Section disinvested from two mandates as part of a de-risking step for the Fund.
 - The LGIM World Equity Index Fund was fully redeemed in Q4 2020 with the proceeds invested into the LGIM Buy & Maintain Corporate Bonds Fund.
 - The M&G Alpha Opportunities Fund was fully redeemed in Q1 2021 with the proceeds invested into the LGIM Buy & Maintain Corporate Bonds Fund.
 - Interest rate and Inflation hedging managed by Schroders was increased to 100% of the Funds long term target of G +0.5% p.a.
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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. This page details Isio's ESG beliefs. The next page details Isio's view of the managers, actions for engagement and an evaluation of the engagement activity.

Risk Management	<ol style="list-style-type: none"> 1. ESG factors such as climate change are important for risk management and can be financially material. Managing these risks forms part of the fiduciary duty of the Trustee. 2. The Trustee believes that ESG integration leads to better risk adjusted outcomes and want a positive ESG tilt to the investment strategy.
Approach / Framework	<ol style="list-style-type: none"> 3. The Trustee wants to understand how asset managers integrate ESG within their investment process and in their stewardship activities. 4. The Trustee believes that sectors aiming for positive social and environmental impacts may outperform as countries transition to more sustainable economies. Where possible the investment strategy will seek to allocate to these sectors. 5. The Trustee will consider the ESG values and priority areas of the stakeholders and sponsor and use these to set ESG targets.
Reporting & Monitoring	<ol style="list-style-type: none"> 6. ESG factors are dynamic and continually evolving, therefore the Trustee will receive training as required to develop their knowledge. 7. The Trustee will seek to monitor key ESG metrics within their investment portfolio to understand the impact of their investments.
Voting & Engagement	<ol style="list-style-type: none"> 8. ESG factors are relevant to all asset classes and, whether equity or debt investments, managers have a responsibility to engage with companies on ESG factors. 9. The Trustee believes that engaging with managers is more effective to initiate change than divesting and so will seek to communicate key ESG actions to the managers in the first instance. 10. The Trustee wants to understand the impact of voting & engagement activity within their investment mandates.
Collaboration	<ol style="list-style-type: none"> 11. Asset 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 UNPRI and TCFD. 12. The Trustee should sign up to a recognised ESG framework to collaborate with other investors on key issues.

ESG summary and actions with the investment managers

The Trustee, with support from their investment advisor Isio, undertook a review of the underlying managers approach to ESG in August 2020. The below table summarises the findings of that review.

Isio engaged with each manager in Q2 2020 on the Trustee's behalf to review their ESG policies and set actions and priorities for each manager.

Manager, fund	ESG Summary	Actions identified
LGIM World Equity Fund	<p>LGIM have shown a strong commitment to highlighting, identifying and managing ESG risks across their entire fund range, including their passive equity funds.</p> <p>LGIM are a market leader in their approach to ESG. They have developed a clear and comprehensive framework for scoring portfolio companies on ESG factors. They actively communicate these scores to the companies and engage with them directly to help mitigate ESG risks moving forwards.</p>	<p>LGIM to consolidate the ESG scores of the underlying portfolio companies to generate a portfolio level score, making it easier for investors to digest the ESG impact of the fund.</p> <p>LGIM should provide further evidence that they are making progress towards diversity at a firm level and also within the portfolio management team.</p> <p>LGIM should integrate ESG reporting into their standard, quarterly client reports. While LGIM currently produce numerous, comprehensive reports on ESG, they are separate from the standard reporting. LGIM are planning to do this by the end of 2020.</p>
Alcentra Direct Lending Fund II ("EDL II")	<p>We believe the Fund's ESG policy is "satisfactory" as they have introduced the analysis of ESG risks within the investment process and engage with companies and the wider community where possible. However, we believe Alcentra could benefit from setting ESG priorities, a quantitative scorecard and KPIs.</p> <p>While there are areas for improvement, Alcentra have outlined that they are still developing their approach to ESG and aim to improve their processes over time.</p>	<p>Alcentra to introduce a quantitative scorecard to use as part of their due diligence process.</p> <p>Alcentra to set fund specific ESG priorities.</p> <p>A measure of the effectiveness of engagement to be demonstrated through the use of KPIs. As part of this Fund reporting, we would like to see ESG metrics for portfolio companies.</p> <p>Alcentra to show more examples of their collaboration within the industry and how this has contributed to ESG best practises.</p>

Partners Group PMCS 15 & 18	<p>Partners Group have a specialist ESG and Sustainability team, who support the business in achieving their ESG objectives. At a fund level they can demonstrate that ESG is a key aspect of the due diligence process and ongoing engagement is apparent through an investment's lifecycle.</p> <p>Partners Group could improve the level of ESG reporting compared to its peers and we would like to see a clearer focus on diversity metrics in their ESG risk assessment at a fund level.</p>	<p>In future reports, Partners Group should include examples of where they have worked with portfolio companies to bring about a desired change highlighted by Partners Group.</p> <p>Provide more granular information/data on the diversity metrics in place at portfolio level, including ethnicity, LGBTQ+ and social mobility stats.</p> <p>In future reports, include examples of where Partners Group have worked with other industry managers to bring about a positive ESG change.</p>
Apollo Total Return Fund	<p>Apollo have been actively incorporating ESG into their investment process for a number of years and are recognised as one of the leaders in ESG integration. They have a robust framework in place for successfully promoting ESG factors across the industry and portfolio companies.</p>	<p>Set-out formal ESG criteria for each potential credit investment and emphasise ESG factors in day-to-day investment decisions. This could include more clarity on how Apollo analyses what constitutes 'material' ESG risks.</p> <p>Apollo should provide ESG metrics and qualitative comment specific to the Fund on a regular basis where possible. This could include factors such as carbon emissions exposure, company engagement activity, and a summary of investments which exhibit high ESG risks.</p>
M&G Alpha Opportunities Fund	<p>M&G have evidenced their ability to consider the significance of ESG factors in this Fund. M&G should consider measurable ESG aims for the Fund and increase the number of ESG risk metrics that are being monitored.</p> <p>Although M&G are actively developing their integrated ESG approach in investment decisions, M&G should consider more in-depth reporting for clients and progress reports on aims for the Fund.</p>	<p>M&G currently have a qualitative approach and are working towards a more quantitative approach (scorecard). M&G should seek to roll this out for all analysts, and they can also develop an integrated ESG scoring system which scores both at an individual issuer level and at a sector/country level.</p> <p>M&G should clearly publicise engagements throughout the quarter in quarterly reports and on their website and provide updates on past engagements, with engagements focused on companies the Fund invests in.</p> <p>M&G should increase the number of risk metrics they monitor such as climate change and the sensitivity to these metrics to the portfolio.</p>
PIMCO Diversified Income Fund	<p>PIMCO have a clear firm-wide ESG policy in place, which is implemented at a Fund-level through the investment due diligence process.</p> <p>Whilst PIMCO have demonstrated a strong level of engagement with issuers for their ESG-focused funds, we would expect the manager to increase ESG engagement for this Fund and be able to demonstrate the implementation and improvement of their ESG policy going forward.</p>	<p>PIMCO should demonstrate how ESG risks are monitored on an ongoing basis within credit due diligence, and how these adapt over time. PIMCO to define ESG objectives for non-ESG Funds, including PIMCO Diversified Income Fund, which are both quantifiable and measurable, and directly link to the firm's ESG policy.</p> <p>PIMCO to define a quantifiable threshold which should be used in the investment process, to allow the PM to clearly distinguish if ESG risks pose a potential material impact to credit worthiness of a bond/issuer.</p> <p>PIMCO should provide more detailed examples of positive engagements with ESG issue investments.</p>

<p>Barings Investment Grade CLO Fund</p>	<p>Barings has a clear firm wide ESG framework, managed by a dedicated team who integrate ESG considerations across their business.</p> <p>We note that Barings ability to influence CLO managers is limited as an investor, but we are comforted by Baring's commitment to ESG through their business level ESG priorities and collection of ESG data from CLO managers to develop further insight into the industry.</p>	<p>Barings to report on ESG metrics and provide qualitative comments specific to the Fund within the quarterly report.</p> <p>Barings to implement KPIs to measure engagement effectiveness.</p> <p>Barings to implement a quantitative scorecard to quantify ESG risks through a standardised process.</p>
<p>LGIM Buy & Maintain Bond Mandate</p>	<p>LGIM are very much aware of ESG issues, and how the long-term impact of ESG themes may affect the cash flow visibility of a company and have taken actions to integrate these themes within their investment process.</p> <p>However, there is a lack of fund-specific information with respect to engagement and reporting. ESG is considered more as a risk management tool at portfolio level and engagement with companies is effectively outsourced to other teams.</p>	<p>LGIM should provide more detail on how they have engaged with the companies found in their Buy and Maintain portfolios, including information on the ESG issues that have been raised/addressed, and the outcome of LGIM intervention.</p> <p>LGIM should provide standard and regular reporting (not only available on request), in relation to their Buy and Maintain offerings outlining:</p> <ul style="list-style-type: none"> - the exposure to ESG risks - carbon emissions exposure - portfolio-specific summaries of voting and engagement activity.
<p>Schroders Segregated LDI Fund</p>	<p>Schroders have a strong team providing ESG support at a business level. Schroders utilise their own information and external data in detailed models to review counterparties within their LDI portfolio.</p> <p>There is scope to improve the level of engagement with LDI counterparties and incorporate ESG analysis into their reporting.</p>	<p>Schroders should continue to monitor survey responses, and try to increase the number of respondents.</p> <p>Schroders should proactively push the ESG team to engage with counterparties or engage directly.</p> <p>Schroders to consider possible changes to their reporting to incorporate ESG.</p>
<p>Vanguard Passive Equity Funds</p>	<p>Vanguard have developed a good foundation in the ESG space, with dedicated Investment Stewardship team and policies in place.</p> <p>We believe Vanguard's track record of engaging with companies to promote good corporate governance practices and increased ESG disclosures is positive. However, we believe these are results oriented and ESG concerns may not be highlighted if they are not deemed financially material.</p>	<p>Vanguard should develop an ESG scorecard for their portfolio companies, highlighting the key ESG related risks at the individual stock and portfolio level.</p> <p>Vanguard's ESG teams should manage ESG related engagements across all funds to leverage all possible capital.</p> <p>Vanguard to liaise with their ESG data providers and attend meetings and workshops to understand how data vendors source and use ESG metrics.</p> <p>Vanguard should work with other investment managers to leverage a larger engagement presence on ESG issues.</p>

		Vanguard should communicate ESG focus areas with portfolio companies, their overall ESG view of the companies and how they can improve.
Blackrock iShares Passive Equity Funds	<p>We feel BlackRock’s approach to ESG is somewhat incoherent and lacks consistency. For example their risk metrics do not link to their ESG priorities directly.</p> <p>It is also not clear how they incorporate their stewardship priorities into their voting and engagement activity, or how effective their stewardship activities are on delivering on the priorities.</p> <p>BlackRock are working to increase their reporting standards in 2020.</p>	<p>BlackRock to evidence how their stewardship activities align with their firm-wide stewardship priorities, particularly in reference to their policies on climate change and board diversity.</p> <p>BlackRock to establish KPIs to drive their engagement priorities e.g. climate change targets.</p> <p>BlackRock to report on engagement effectiveness at a fund level.</p> <p>BlackRock to incorporate a voting and engagement summary in their regular fund reports.</p> <p>BlackRock to incorporate ESG risk metrics in their regular fund reports.</p>
Standard Life Overseas Tracker Fund	<p>The Aberdeen Standard Investments (‘ASI’) Overseas Tracker Fund invests almost all of its assets in Vanguard Equity Funds. ASI manage the weight of each regional fund across the portfolio.</p> <p>ASI provide extensive ESG reporting and actively collaborate with wide range of stakeholders in a number of ESG-related areas.</p> <p>They have well established processes relative to industry peers.</p>	<p>ASI should develop portfolio specific measurable ESG objectives, to integrate within the portfolio guidelines.</p> <p>Alongside the voting activity in the quarterly reports, ASI could consider providing updates on engagements.</p>
Blackrock Market Advantage Fund	<p>See above commentary on BlackRock.</p>	<p>Blackrock should quantify KPIs and how portfolio companies are working towards goals to achieve ESG objectives.</p> <p>BlackRock should look to report on ESG considerations for each of their funds more regularly.</p> <p>Blackrock to incorporate more ESG focussed indices into their investment process.</p>
Standard Life Active Corporate Bond Fund	<p>Aberdeen Standard Investments (‘ASI’) have strong credentials in the UK investment grade credit space and have a well-resourced analyst team to conduct fundamental research.</p> <p>ASI were able to provide significant amounts of fund-level and firm-level information which demonstrated the seriousness with which they take ESG into consideration.</p>	<p>ASI could develop portfolio-specific measurable ESG objectives to integrate within the portfolio’s guidelines.</p> <p>ASI should clearly publicise engagements throughout the quarter in quarterly reports and on their website and provide updates on past engagements – with engagements focused on companies the Fund invests in.</p>

<p>Blackrock Passive Gilt and Cash Funds</p>	<p>See above commentary on BlackRock</p>	<p>BlackRock to evidence how their stewardship activities align with their firm-wide stewardship priorities, particularly in reference to their policies on climate change and board diversity.</p> <p>BlackRock to establish KPIs to drive their engagement priorities e.g. climate change targets.</p> <p>BlackRock to report on engagement effectiveness at a fund level.</p> <p>BlackRock to incorporate an engagement summary in their regular fund reports.</p> <p>BlackRock to incorporate ESG risk metrics in their regular fund reports.</p>
<p>Standard Life Property Fund</p>	<p>ASI have significant resources dedicated to ESG integration at a business level and particularly within the real estate business. The Fund has comprehensive ESG policies and a thorough approach to implementing these policies.</p> <p>ASI compare favourably to peers in terms of the depth of ESG analysis they perform and the tangible and strong ESG case studies they are able to provide.</p>	<p>ASI to provide more clarity on how they are addressing social issues alongside tenants in a tangible way.</p> <p>ASI to further develop how they work alongside tenants on ESG initiatives and asset management projects.</p> <p>ASI to work alongside tenants to further improve ESG data disclosures.</p> <p>ASI to consider whether the data and methodology is available to report on these metrics and provide updates at practical intervals (e.g. annually) on progress versus ESG objectives.</p>

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 2021.

Fund name	Engagement summary	Commentary
DB Section		
LGIM World Equity Fund	We requested this data from the manager however currently the manager cannot produce this level of reporting. We are working with them to ensure that this data is available in the future.	<p>LGIM's investment and stewardship teams work together to incorporate ESG issues in the decision-making process, from research and engagement to product development. LGIM aim to engage directly with individual companies with the LGIM Stewardship team also engaging with other asset owners on a wide range of ESG-related themes.</p> <p>LGIM provide an annual Active Ownership Report setting out the firm's approach to stewardship and activities during the year. Further to this and on a quarterly basis, LGIM disclose case studies of voting and engagement activities undertaken and/or concluded.</p>
Bluecrest AllBlue Fund		<p>Alcentra aim to prioritise the effectiveness and impact of their ESG strategy, evidenced by the launch of the expanded ESG Questionnaire in 2021 which was built on the inaugural 2020 version. This allows Alcentra to measure engagement and progress through both qualitative and quantitative metrics.</p> <p>Whilst the Fund does not typically have voting rights in its investments, the Fund aims to utilise its strong relationships with management teams and shareholders to help drive ESG-related actions forward, including making recommendations, asking questions and sharing their experience of ESG in the private debt market.</p>
Alcentra Direct Lending Fund II ("EDL II")		
Partners Group PMCS 15 & 18	Partners Group have not engaged on ESG Issues over the last 12 months.	Partners Group have a specialist ESG and Sustainability team, who support the business in achieving their ESG objectives.
Apollo Total Return Fund	<p>Total engagements: 31</p> <p>Environmental: 7</p> <p>Governance: 5</p> <p>Social: 5</p>	Apollo have a clear due diligence and engagement framework. The team continuously engages with portfolio companies through discussion with management. This engagement has been a key driver for the production of formal company ESG reports and key performance indicators. As bond investors, Apollo's voting rights are limited, making it more difficult to engage with portfolio companies in comparison to equity investors.

	Other: 14	<p>Examples of significant engagements include:</p> <p>Clearway Energy – Apollo met with the firm’s CEO and CFO to discuss the efficiency of the company’s existing renewable wind farms, as well as the acquisition of new renewable wind and solar powered projects. Following this engagement, the company intend to invest at least \$300m in new renewable energy projects during 2020.</p> <p>Gannett Co. Inc. – Apollo discussed with the Board the firm’s transition to digital subscribers to reduce newsprint usage. Following the engagement, Gannett has set a one million digital subscriber target by the end of 2020. Separately, Apollo also discussed the firm’s response to COVID-19 and the protection of employees through the provision of PPE. Following Apollo’s engagement, the firm has not experienced any material disruptions to production while employees remain safe.</p>
M&G Alpha Opportunities Fund	<p>Total Engagements: 7</p> <p>Environmental: 1</p> <p>Social: 2</p> <p>Governance: 4</p>	<p>M&G’s activities are consistent with their ESG policies and they have a systematic approach around engagements in which specific objectives are outlined in advance and measured based on the outcomes from the engagements.</p> <p>Examples of significant engagements include:</p> <p>Pilgrims Pride – M&G engaged with meatpacking companies to understand how they were dealing with the impacts of COVID-19 due to a series of outbreaks linked to similar facilities. The companies have since adapted their policies and procedures to ensure the safety of their employees and their products, with several extending their employee emergency pay policies and implementing better tracking of COVID cases in their work force.</p> <p>AB InBev – M&G engaged with the firm to encourage the setting of medium-term emission reduction targets and a net zero target of 2050 or sooner. The sustainability team and M&G identified the main sources of the emissions (brewing and product packaging) and are currently working on the solution to reduce these emissions using recyclable materials. M&G will follow up with the firm once it has published its next ESG report to assess if near-term engagement is necessary.</p>
PIMCO Diversified Income Fund	<p>Total Engagements: 5</p> <p>Environmental: 3</p> <p>Social: 2</p> <p>Governance: 0</p>	<p>We note that the PIMCO Diversified Income Fund influence on ESG issues is limited due to the nature of its underlying investments.</p> <p>However, PIMCO believes that the company’s position as an investor in a wide range of securities allows it to drive change through exclusions or evaluations alone. PIMCO also aims to engage with underlying issuers in a collaborative manner, with credit analysts regularly engaging with issuers they cover.</p> <p>Examples of significant engagements include:</p> <p>Dell Technologies – PIMCO engaged with Dell Technologies (“Dell”) on issues over labour rights in their supply chain. This included concerns surrounding compliance on working hours and forced-labour disputes.</p>

		<p>PEMEX – PIMCO engaged with PEMEX on increasing the number of health and safety certifications in their operations and the company’s response to oil spills and controversies. PEMEX confirmed they were reviewing options to increase the number of health and safety certifications over time, with PIMCO continuing to monitor the company’s progress on this issue.</p>
Barings Investment Grade CLO Fund	<p>Barings’ currently does not share a log of company engagements but provides a percentage split of the underlying holdings against their internal ESG scorecard. Roughly 83% of the underlying holdings have received an ESG outlook score of either Good or Average.</p>	<p>We note that Barings ability to influence CLO managers is limited as an investor, but we are comforted by Baring’s commitment to ESG through their business level ESG priorities and collection of ESG data from CLO managers to develop further insight into the industry.</p>
LGIM Buy & Maintain Bond Mandate	<p>We requested this data from the manager however currently the manager cannot produce this level of reporting. We are working with them to ensure that this data is available in the future.</p>	<p>LGIM’s investment and stewardship teams work together to incorporate ESG issues in the decision-making process, from research and engagement to product development. LGIM aim to engage directly with individual companies with the LGIM Stewardship team also engaging with other asset owners on a wide range of ESG-related themes.</p> <p>LGIM provide an annual Active Ownership Report setting out the firm’s approach to stewardship and activities during the year. Further to this and on a quarterly basis, LGIM disclose case studies of voting and engagement activities undertaken and/or concluded.</p>
Schroders Segregated LDI Fund	<p>Total Engagements: 37 Environmental: 1 Social: 0 Governance: 35</p>	<p>We note that Schroders’ ability to influence ESG topics surrounding LDI-related instruments is limited. However, Schroders have a firmwide ESG policy and have shown evidence of regular engagement with the relevant public bodies over the period. This includes attending working groups on issues surrounding reforming LIBOR, issues with gilt and repo markets, and derivatives.</p> <p>Examples of significant engagements include:</p> <p>Bank of England - Schroders engaged with the Bank of England over multiple issues, including the Libor reform, risk-free rate (“RFR”) bonds and, Repo and Money Markets.</p> <p>Investment Association – Schroders engaged with the Investment Association (“IA”) regarding the reforms to RPI. This involved a call after providing written feedback to the IA and having a round table discussion with other asset managers. The IA incorporated Schroders’ comments in their response to the RPI reform.</p>
ASI Money Market Fund	<p>We requested this data from the manager however currently the manager cannot produce this level of reporting. We are working with them to</p>	

	ensure that this data is available in the future.	
DC Section – Default Funds		
BlackRock Market Advantage Fund	<p>Total Engagements: 1,443</p> <p>Environmental: 886</p> <p>Social: 654</p> <p>Governance: 1,290</p>	<p>BlackRock’s Investment Stewardship team engages with companies to provide feedback on their practices and inform their voting, including focussing on ESG considerations where there may be a long-term impact for these companies,</p> <p>Examples of significant votes are included in the following section.</p>
Standard Life Overseas Tracker Fund / Vanguard FTSE UK All Share Index Fund / Vanguard Emerging Markets Stock Index Fund	<p>The Standard Life Overseas Tracker Fund invests in multiple sub-funds which are managed by Vanguard.</p> <p>Vanguard have stated that they currently only provide engagement data on an annual basis on a firm-wide level. We are working with them to ensure that this data is available in the future.</p>	<p>Vanguard believe that engagement allows them to go beyond proxy voting at a company’s annual meeting and have deliberate, constructive, and results-oriented discussions with executives and directors.</p> <p>Details of their firm-wide engagements are published in the annual stewardship report.</p>
iShares Index-Linked Gilts Fund	<p>We requested this data from the manager however the manager cannot produce this level of reporting due to the nature of the asset class.</p>	

Voting (for equity/multi asset funds only)

As the Fund invests via fund managers, the managers provided details on their voting actions including a summary of the activity covering the reporting year up to 31 March 2021. The managers also provided examples of any significant votes.

Fund name	Voting summary	Examples of significant votes	Commentary
DB Section			
LGIM World Equity Fund	<p>Votable proposals: 40,987 Proposals voted: 40,921 For votes: 33,302 Against votes: 7,395 Abstain votes: 225 Withhold votes: 0</p>	<p>Qantas Airways Limited ("Qantas") – LGIM voted against a resolution which was to approve the participation of the CEO in the firm's Long-Term incentive Plan, and the approval of the Remuneration Report. LGIM communicated the voting decision to the firm directly and provided feedback to the Remuneration Committee.</p> <p>Due to the impact of the COVID-19 pandemic on Qantas, LGIM wanted to ensure that the impact felt by stakeholders such as employees, was fairly reflected in the CEO's remuneration package.</p> <p>Imperial Brands plc – LGIM voted against two resolutions: approving the remuneration report and remuneration policy. LGIM communicated their concerns with the company about the remuneration structure.</p> <p>The firm had appointed a new CEO during 2020 who was granted a significantly higher base salary than his predecessor. LGIM had concerns over the value of base salary as there were</p>	<p>LGIM use Institutional Shareholder Services' (ISS) electronic platform to execute vote instructions. Voting decisions are made by the LGIM Investment Stewardship ("IS") team and they do not delegate any voting decisions to external parties. Each member of the IS team allocated a specific sector globally which ensures that any voting decision remains consistent throughout the engagement and voting process.</p> <p>LGIM have also produced a custom voting policy for ISS to follow which follows LGIM's view on ESG issues.</p>

		concerns of a CEO with no prior experience in the sector and no experience in running a FTSE 100 company receiving a similar or higher salary than their predecessor.	
Bluecrest AIIBLue Fund	We requested this data from the manager however currently the manager cannot produce this level of reporting. We are working with them to ensure that this data is available in the future.	n/a	n/a
DC Section – Default Funds			
BlackRock Market Advantage Fund	<p>Votable proposals: 1,385 Proposals voted: 1,385 For votes: 1,245 Against votes: 140 Abstain votes: 34</p>	<p>Daimler AG – BlackRock voted against a resolution to ratify the Supervisory Board’s actions in the 2019 financial year. BlackRock had concerns with regards to the firm’s progress on climate-related risks and climate disclosures.</p> <p>BlackRock expressed their desire for the firm to align their disclosures with the TCFD framework by the next year, and after the vote BlackRock did see some examples of Daimler working towards this goal.</p> <p>Cheniere Energy, Inc. – BlackRock voted against a shareholder proposal which requested a report on the firm’s assets as some shareholders had concerns over being unable to monetise the assets due to a lack of demand in a low carbon economy.</p> <p>Whilst BlackRock shared the underlying concerns of the proposal, they believed the proposal involved too many specific targets which Cheniere Energy are currently unable to report on effectively.</p> <p>BlackRock believe that once the firm has brought its reporting standards in line with the TCFD and SASB, BlackRock will be able to</p>	<p>BlackRock utilise the research of proxy advisory services from Institutional Shareholder Services’ (ISS) and Glass Lewis, however, do not rely solely on these inputs, with the Investment Stewardship Team determining voting decisions.</p>

		provide more rigorous feedback.	
Standard Life Overseas Tracker Fund	<p>The Fund invests in multiple sub-funds which are managed by Vanguard. Please note data for the Canadian Tracker Pension Fund was unavailable.</p> <p>Pacific Ex-Japan Stock Index Fund: Votable proposals: 1,144 Proposals voted: 1,144 For votes: 1,101 Against votes: 43 Abstain votes: 0</p> <p>Japan Stock Index Fund: Votable proposals: 3,847 Proposals voted: 3,847 For votes: 3,817 Against votes: 30 Abstain votes: 0</p> <p>US Equity Index Common Contractual Fund: Votable proposals: 6,588 Proposals voted: 6,585 For votes: 6,464 Against votes: 121 Abstain votes: 0</p> <p>FTSE Developed Europe Ex-UK Equity Index Fund: Votable proposals: 9,456 Proposals voted: 9,377 For votes: 8,880 Against votes: 497 Abstain votes: 15</p>	<p>Atlantia SpA – Vanguard voted against the second section of the remuneration report, although the vote still passed.</p> <p>There were concerns about the severance pay of the outgoing CEO being excessive, which misaligned with the proxy voting policy.</p> <p>CK Hutchison Holdings Limited – Vanguard voted against the appointment of a director for the company. This was due to concerns around an oversight failure with the Hong Kong governance code, without a compelling reason.</p> <p>DaVita Inc. – Vanguard voted against approving the Omnibus stock plan as there were concerns about a potential dilution of the shares. This proposal was not in line with the proxy voting policy.</p>	<p>The Vanguard Investment Stewardship team votes on behalf of internally managed holdings via a dedicated voting provider. The Investment Stewardship team will utilise their own proprietary databases and utilise research from external parties such as Institutional Shareholder Services, Glass Lewis and Equilar.</p> <p>Vanguard do not rely on recommendations from proxy voting providers, instead using any information given as part of an independent process to determine voting decisions.</p>
Vanguard FTSE UK All Share Index Fund	Votable proposals: 13,087 Proposals voted: 13,087 For votes: 12,952 Against votes: 135 Abstain votes: 10	Vanguard deemed there to be no votes of significance for the Fund.	See above comments on Vanguard.
Vanguard Emerging Markets Stock Index Fund	Votable proposals: 34,500 Proposals voted: 34,264 For votes: 32,642 Against votes: 1,622 Abstain votes: 624	Vanguard deemed there to be no votes of significance for the Fund.	See above comments on Vanguard.

