

LLOYDS REGISTER SUPERANNUATION FUND ASSOCIATION

APPENDIX - IMPLEMENTATION STATEMENT

July 2023

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

July 2023

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LLOYDS REGISTER SUPERANNUATION FUND ASSOCIATION

IMPLEMENTATION STATEMENT (continued)

Background and Implementation Statement

Background

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

Implementation Statement

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

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

The Implementation statement details:

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

Summary of key actions undertaken over the Fund reporting year

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

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

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IMPLEMENTATION STATEMENT (continued)

Implementation Statement

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

Signed



Position

Chairman trustee

Date

05 October 2023

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IMPLEMENTATION STATEMENT (continued)

Managing risks and policy actions DB and DC

Risk / Policy	Definition	Policy	Actions and details on changes to policy
DB and DC			
Interest rates and inflation	The risk of mismatch between the value of the Fund assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge 100% of these risks on a Gilts + 0.5% basis.	DB: The Trustee maintained the interest rate and inflation hedging targets of 100% on a Gilts + 0.5% basis after rebalancing the hedge during the reporting year.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	<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 the fall due (including transfer values), and to provide collateral to the LDI manager.</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: There have been no changes to the policy. The liquidity of the DB assets is monitored on a quarterly basis.</p> <p>During the gilt crisis in Autumn, the DB Fund's liquidity was monitored closely with no issues arising. As well as this, proceeds from the Apollo redemption were reinvested into daily dealt assets improving the liquidity of the DB Fund.</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: The DB Fund's market risk has been reduced through the full redemption of the Apollo fund. There have been no other changes to this policy over the reporting year.</p> <p>DC: The Trustee reviews the performance of the DC Section on a quarterly basis. Particular attention was paid to the performance of the default in the run up to retirement following volatility in gilt markets.</p>

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

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

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

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IMPLEMENTATION STATEMENT (continued)

Changes to the SIP

Policies added to the SIP

Date Updated: March 2023

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

Defined Benefit Section

Long-term Journey Plan

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

Investment Strategy

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

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

⁽¹⁾ Expressed relative to the yield on fixed interest gilts (the annual yield at the 10-year tenor on the Bank of England spot curve). This yield was 3.8% at 31 December 2022. Net of management fees.

⁽²⁾ 16% allocation as at 31 December 2022, this will reduce over time as the funds pay out. Due to be paid out in full by 2027.

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

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IMPLEMENTATION STATEMENT (continued)

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

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

Investment Structures and Mandates

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

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

Notes:

(1) The Schroders LDI and LGIM Buy and Maintain Corporate Bonds are segregated mandates and the direct lending funds (Alcentra and Partners Group) are limited partnerships.

(2) The DB Section has committed £103 million of capital to the Alcentra Fund, £60m of capital to the Partners Group 2015 Fund and £100m to the Partners Group 2018 Fund.

(3) The Alcentra Fund's investment period ended on 30 September 2019. From this date, Alcentra no longer recycles capital into new investments, however they may still call capital for top-up investments into existing holdings or to cover obligations to currency hedging and other obligations.

(4) Target allocation reflects asset allocations as at 31 March 2023. This will evolve over time as the Direct Lending pays out.

Mandate Target Returns, Objectives and Fees

The Trustee ensures the underlying manager fees are competitive

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

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IMPLEMENTATION STATEMENT (continued)

Defined Contribution Section

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

Defined Benefit and Defined Contribution Section

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

Other Policies

Voting Policy – How the Trustee expects investment managers to act on their behalf.

- The Trustee has acknowledged responsibility for the voting policies that are implemented by the Fund's investment managers on their behalf.
- The Trustee is aware of its investment managers' stewardship policies and has considered alignment with their own stewardship priorities.

Engagement Policy – How the Trustee will engage with investment managers, direct assets and others about 'relevant matters'.

- The Trustee has acknowledged responsibility for the engagement policies that are implemented by the Fund's investment managers on its behalf.
- The Trustee, via its investment advisers, will engage with managers about 'relevant matters' (including the Fund's stewardship priorities) at least annually.
- Example stewardship activities that the Trustees have considered are listed below.
 - Asset manager engagement and monitoring – on an annual basis, the Trustee assesses the voting and engagement activity of its asset managers. The results of this analysis feeds into the Trustee's investment decision making
- Collaborative investor initiatives – the Trustees will consider joining/ supporting collaborative investor initiatives

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IMPLEMENTATION STATEMENT (continued)

Current ESG policy and approach

ESG as a financially material risk

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

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

Updated Policy

Areas for engagement	Policy	Method for monitoring and engagement
Environmental, Social and Governance	<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"> 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory 6. UK Stewardship Code signatory <p>The Trustees monitor the managers on an ongoing basis.</p>	<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. • The Trustee receives information from their investment advisers on the investment managers' approaches to engagement. • The Trustee will engage, via their investment adviser, with investment managers and/or other relevant persons about relevant matters (including the Fund's stewardship priorities) at least annually.

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IMPLEMENTATION STATEMENT (continued)

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

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

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IMPLEMENTATION STATEMENT (continued)

ESG summary and actions with the investment managers

Manager, fund	ESG Summary	Actions identified
DB Section		
Alcentra Direct Lending Fund II ("EDL II")	<p>Alcentra have a Responsible Investment Team who reviews the output of the quantitative ESG Scorecard and help integrate ESG into the Funds. ESG metrics are incorporated into Alcentra's quarterly reports and over the previous 12 months they have introduced dedicated ESG reports.</p> <p>As the existing EDL funds are fully invested, any future ESG improvements are most likely to be focused on enhanced engagements and stewardship priorities.</p>	<ul style="list-style-type: none"> - Alcentra should set fund-level ESG priorities and introduce fund-level ESG policies - Alcentra to introduce engagement / stewardship objectives and milestones for portfolio companies and provide fund-level engagement data. - Alcentra should consider adopting a firm-wide net zero commitment and climate policy.
Apollo Total Return Fund	<p>Apollo have expanded their ESG team, who work in partnership with credit investment professionals. ESG considerations are integrated into the Fund's risk management framework and due diligence process. Their internal ESG ratings system has been improved to incorporate sector-specific scoring.</p> <p>The Fund doesn't currently have a clear stewardship policy or priorities. However, Apollo added a sleeve for 'impact' investments to the Fund in July 2022.</p>	<ul style="list-style-type: none"> - Apollo to undertake scenario analysis and understand the Fund's portfolio alignment with explicit scenario outcomes. - Apollo to establish a stewardship policy and priorities to improve engagement coverage. - Apollo should consider becoming a signatory to the 2020 UK Stewardship Code.
LGIM Buy and Maintain Credit	<p>LGIM has a well-defined and robust firm wide ESG policy, which is strongly integrated within the due diligence process used to assess the ESG credentials within the</p>	<ul style="list-style-type: none"> - LGIM to finalise specific ESG / Climate objectives for the Fund, with quantifiable and tangible targets.

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IMPLEMENTATION STATEMENT (continued)

	<p>Fund. However, there remains a lack of explicit fund-level ESG objectives. At an overall level, and guided by the central stewardship team, LGIM leverages its scale and influence to engage with companies and policymakers globally, with the aim of improving market ESG standards and best practices.</p>	<ul style="list-style-type: none"> - LGIM to provide more detail of their plans to support the reduction in its carbon weighted temperature alignment and set specific KPIs. - LGIM to include fund-specific engagement activity and coverage of GHG emissions data. - LGIM should look to push towards 'Impact' attributes and accreditation if practicably viable.
<p>Partners Group PMCS 15 & 18</p>	<p>The Isio ESG rating for Partners Group ('PG') has been downgraded from 'Meets Criteria' to 'Partially Meets Criteria'. While PG have demonstrated growth within their ESG team and practices, they are lagging compared to peers across a number of areas, primarily reporting. PG should consider the proposed actions identified in order to improve their ESG score.</p>	<ul style="list-style-type: none"> - Partners Group should identify Fund Level ESG targets. - Partners Group to provide a Diversity Report and improve diversity reporting metrics. - Partners Group to adopt engagement targets and include engagement information in quarterly reporting. - Partners Group should report on TFCO Climate Change Metrics and incorporate ESG metrics into quarterly reports.
<p>Schroders Segregated LDI Fund</p>	<p>Schroders integrate ESG consideration in their counterparty selection process and have a well-established method to screen counterparties.</p> <p>Schroders have made some improvements to their reporting capabilities by starting to report sustainability metrics on UK gilts in Q4 2021.</p>	<ul style="list-style-type: none"> - Schroders to provide ESG scores and metrics for counterparties in clients' reports. - Schroders should produce user-friendly engagement reports.
<p>DC Section</p>		
<p>abrdr Sustainable Index World Equity Fund (LR Adventurous)</p>	<p>The Fund implements a number of ESG layers into its investment process which includes exclusionary screens and quantified ESG targets against the parent index. The fund targets percentage improvements in ESG scores as well as climate related outcomes such as carbon intensity and exposure to green revenue. The strategy benefits from input from ASI's dedicated</p>	<ul style="list-style-type: none"> - abrdr to consider setting fund level social objectives. - abrdr should align the strategy with a temperature pathway. - abrdr could consider setting clear fund level engagement priorities.

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IMPLEMENTATION STATEMENT (continued)

	ESG team of 20 individuals who are responsible for stewardship activities and sustainability driven research.	
Vanguard Emerging Markets Index Fund (LR Adventurous)	There is evidence of an overarching approach to ESG through the Investment Stewardship policy. However, Vanguard have limited scope incorporating ESG considerations into passive strategies.	<ul style="list-style-type: none"> - Vanguard to implement a structured ESG training programme for investment analysis. - Vanguard to generate metrics to calculate engagement effectiveness. - Vanguard to provide details of engagements and voting data in regular reporting.
BlackRock Market Advantage Fund (LR Adventurous & LR Diversified Growth)	The fund has aligned itself with the Paris Agreement and has set targets such as the 1.5°C temperature target and an annual average of a 7% reduction in carbon emissions intensity score. ESG considerations are also integrated into the security selection process. BlackRock have a publicly available Global Stewardship Policy and a central stewardship team.	<ul style="list-style-type: none"> - BlackRock to provide evidence of action taken to mitigate ESG risk of assets. - BlackRock to develop a scorecard to use as part of investment process. - BlackRock to create fund level stewardship priorities and demonstrate how engagement aligns with the priorities of the fund. - BlackRock to report ESG metrics in quarterly reports and produce data to satisfy implementation statements.
iShares Index Linked Gilt Index Fund (LR SL iShares Index Linked Gilt Index)	There are no specific policies for this fund however the BlackRock wider firm level policies still apply.	

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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 2023.

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

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

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

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IMPLEMENTATION STATEMENT (continued)

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

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IMPLEMENTATION STATEMENT (continued)

		<p>be more successful in their core activities and deliver enhanced returns to shareholders. To achieve this they seek to understand each company's specific approach to governance, engage with management and non-executive directors and consider the material risks and opportunities.</p> <p>abrdn strive to meet with the management and directors of their investee companies on a regular basis to discuss strategic, operational, and ESG issues and consider the long-term drivers of value.</p>
<p>Vanguard Emerging Markets Index Fund (LR Adventurous)</p>	<p>Total Engagements: 46</p> <p>Board Composition: 33</p> <p>Executive Compensation: 13</p> <p>Oversight of Strategy and Risk: 37</p> <p>Shareholder Rights: 6</p> <p>The above categorisation of engagement reflects Vanguard's four pillar governance framework approach.</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>
<p>BlackRock Market Advantage Fund (LR Adventurous & LR Diversified Growth)</p>	<p>Total Engagements: 1,282</p> <p>Environmental: 596</p> <p>Social: 549</p> <p>Governance: 1,172</p>	<p>BlackRock's approach to corporate governance and stewardship is explained in their Annual Stewardship Report, which reflect five themes on which they most frequently engage companies. These are focused on board quality and effectiveness, strategy, purpose and financial resilience, incentives aligned with value creation, mitigating climate related risks, and managing natural capital and company impacts on people.</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>

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IMPLEMENTATION STATEMENT (continued)

Voting (for equity/multi asset funds only)

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

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

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

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

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

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IMPLEMENTATION STATEMENT (continued)

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

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IMPLEMENTATION STATEMENT (continued)



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

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IMPLEMENTATION STATEMENT (continued)

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