Implementation Statement, covering the Fund Year from 1 April 2022 to 31 March 2023

The Trustee of the Lloyd's Superannuation Fund (the "Fund") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles ("SIP") during the Fund Year.

The Statement is also required to include a description of the voting behaviour during the Fund Year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) and state any use of the services of a proxy voter during that year.

In preparing the Statement, the Trustee has had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

1. Introduction

No changes were made to the voting and engagement policies in the SIP during the Fund Year. The last time these policies were formally reviewed was December 2021 to reflect the changes to the investment strategy, notably the increase in the target level of liability hedging to 100% on the self-sufficiency (gilts +0.5% pa) basis.

The Trustee has, in its opinion, followed the Fund's voting and engagement policies during the Fund Year, by continuing to delegate to its investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes. The Trustee took steps to review the Fund's existing managers and funds over the period, as described in Section 2 (Voting and engagement) below.

2. Voting and engagement

As part of its advice on the selection and ongoing review of the investment managers, the Fund's investment adviser, Lane Clark & Peacock ("LCP"), incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

Following the introduction of DWP's guidance, the Trustee agreed to set stewardship priorities to focus monitoring and engagement with its investment managers on specific ESG factors. Shortly after the Fund Year end, the Trustee discussed and agreed stewardship priorities for the Fund which were Climate change and Corporate Transparency. The Trustee communicated these priorities to its managers following the Fund Year end.

Over the Fund Year, the Trustee made no new manager or fund appointments, however it continues to receive regular updates on ESG and stewardship related issues from its investment advisers.

At the Investment and Funding Working Group ("IFWG") meeting on 17 May 2022, the Trustee met with Janus Henderson to discuss several areas, including the manager's approach to ESG issues. As part of that discussion, Janus Henderson discussed its engagement with portfolio companies, and outlined its commitment to delivering "Scope 3" carbon emissions data by the end of the year.

In addition, at the 17 May 2022 IFWG meeting, the Trustee reviewed LCP's Responsible Investment (RI) scores for the Fund's existing managers, along with LCP's qualitative RI assessments for each portfolio and red flags for any managers of concern. These scores cover each manager's approach to the management of ESG factors, including voting and engagement. The portfolio scores and assessments are based on LCP's ongoing manager research programme, and it is these that directly affect LCP's manager and fund recommendations. The manager scores and red flags discussed were based on LCP's RI Survey 2022.

The Trustee was satisfied with the results of the review, with the Fund's investment managers and underlying portfolios generally scoring positively. At a portfolio level:

- Ruffer, Veritas and Insight scored highly on RI credentials within their respective portfolios;
- Janus Henderson and Arcmont scored slightly below average, and the Trustee agreed to engage further with these managers on their RI practices; and
- La Salle scored below average, however given this portfolio is currently in the process of being sold and its allocation in the Fund is very small, the Trustee agreed no further action was necessary.

It was noted that there were two 'red flags' raised within the review with respect to the Arcmont private credit mandate and one with respect to the La Salle property portfolio, for the following reasons:

- Arcmont had not signed up to the UK Stewardship Code 2020 and did not actively collaborate with other investors on ESG issues; and
- La Salle stated that its professionals did not receive more that 2 hours training on ESG-related topics over the year to 30 June 2021.

Since then, Arcmont has become a signatory to the UK Stewardship Code 2020. However, for the reasons outlined above, the Trustee has not sought any further action regarding the La Salle portfolio.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements over time.

3. Description of voting behaviour during the Fund Year

All of the Trustee's holdings in listed equities over the period were held within segregated portfolios and the Trustee delegated to its investment managers the exercise of voting rights. Therefore, the Trustee did not direct how votes were exercised and the Trustee itself had not used proxy voting services over the Fund Year. During the Fund year, full disinvestments were made from both of the Fund's portfolios that held listed equities.

Where possible, the Trustee monitors managers' voting and engagement behaviour and challenges managers where their activity has not been in line with the Trustee's expectations.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Fund's portfolios that hold equities as follows:

- Ruffer diversified growth (segregated mandate)
- Veritas global equities (segregated mandate)

In addition to the above, the Trustee contacted the Fund's other asset managers that don't hold listed equities to ask if any of the assets held by the Fund had voting opportunities over the period. Where relevant, commentary provided from these managers is set out in Section 3.4.

3.1 Description of the voting processes

Ruffer and Veritas have provided the commentary below on their voting processes..

Ruffer

"Ruffer has internal voting guidelines as well as access to proxy voting research, currently from Institutional Shareholder Services ("ISS"), to assist in the assessment of resolutions and the identification of contentious issues. Although we are cognisant of proxy advisers' voting recommendations, in general, we do not delegate or outsource our stewardship activities when deciding how to vote on our clients' shares. Research analysts are responsible, supported by our responsible investment team, for reviewing the relevant issues on a case-by-case basis and exercising their judgement, based on their in-depth knowledge of the company. If there are any controversial resolutions, a discussion is convened with senior investment staff and, if agreement cannot be reached, there is an option to escalate the decision to the Head of Research or the Chief Investment Officer.

We look to discuss with companies any relevant or material issue that could impact our investment. We will ask for additional information or an explanation, if necessary, to inform our voting discussions. If we decide to vote against the recommendations of management, we will endeavour to communicate this decision to the company before the vote along with our explanation for doing so.

Collaborative engagement can also provide a platform to engage on wider sector, regulatory and policy matters with investors and other stakeholders. Ruffer is open to working alongside other investors on both policy and company specific matters. The decision to collaborate on company specific matters will be judged on a case-by-case basis by the responsible investment team with input from research analysts and portfolio managers as well as the legal and compliance teams.

Ruffer engages regularly with the Investment Association and the Institutional Investor Group on Climate Change (IIGCC). Through our commitment to Climate Action 100+ we have collaborated extensively with other investors or asset owners engaging with a number of European and American companies, including making statements at AGMs and co-filing shareholder resolutions."

Veritas

"The investment analyst will receive all proxies and determine if he or she believes that we should vote in favour or against management. The investment analyst will consider the vote recommendations and any research when making their decision. Following a discussion with the Portfolio Manager, the analyst will instruct the custodian or prime broker via the Operations Team on how to instruct the vote. VAM LLP use Institutional Shareholder Services ("ISS") to execute voting on behalf of clients. The role of the Operations Team is to ensure that all votes are instructed in a timely manner. The Role of the Chief Operating Officer ("COO") is to monitor the effectiveness of these policies.

We have mandated ISS to construct a customised screen for ESG issues which incorporates the Association of Member Nominated Trustees ("AMNT") Red Lines, on a best endeavours basis. The AMNT Red Line Voting Policy contains 29 guidelines covering topics associated with ESG. Should any of the 29 red lines be breached, the instruction is to either comply or explain. As the Red Line Voting Policy was developed principally for pooled fund investors (who have been unable to direct votes) and for UK stocks only, we have instructed ISS to apply the guidelines globally where applicable and apply the policy across all Global Strategy Funds. In addition, ISS provide vote recommendations based on their benchmark policy. This ensures that guidance is provided for ballots related to topics that are not captured by the ESG voting policy.

In the case where VAM LLP decides to vote against management or the ESG policy vote recommendation, an explanation will be provided to clients."

3.2 Summary of voting behaviour

A summary of voting behaviour over the Fund Year is provided in the table below. Please note that both Veritas and Ruffer were fully redeemed before Fund Year end, so the summary of voting behaviour represents data as at the date of full disinvestment for each Fund respectively.

	Ruffer DGF	Veritas Global Equity
Date of full disinvestment	13 October 2022[1]	28 September 2022
Value of Fund assets (£ / % of total assets)	£10.5m / 3%	£45.7m / 12%
Number of meetings eligible to vote	35	20
Number of resolutions eligible to vote	623	357
% of resolutions voted	96.6%	100.0%
Of the resolutions on which voted, % voted with management	93.0%	86.8%
Of the resolutions on which voted, % voted against management	6.8%	13.2%
Of the resolutions on which voted, % abstained from voting	0.2%	0.0%
Of the meetings in which the manager voted, % with at least one vote against management	40.0%	65.0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	6.6%	11.8%

3.3 Most significant votes

Commentary on the most significant votes over the Fund Year, from the Fund's asset managers who held listed equities, is set out below.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a

[1] Date that the full disinvestment from Ruffer was instructed, noting that final proceeds were fully liquidated in January 2023.

shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria[2] for creating this shortlist. Going forward, by informing its managers of its stewardship priorities and through its regular interactions with the managers, the Trustee believes that its managers will understand how it expects them to vote on issues for the companies they invest in on its behalf.

The Trustee has interpreted "significant votes" to mean those that align with the Trustee's agreed stewardship priorities of climate change and corporate transparency.

The Trustee has reported on two of these significant votes per fund only as the most significant votes. If members wish to obtain more investment manager voting information, this is available upon request from the Trustee.

Ruffer

Ruffer defines 'significant votes' as those that it thinks will be of particular interest to clients. In most cases, these are when Ruffer forms part of continuing engagement with the company and/or it has held a discussion between members of the research, portfolio management and responsible investment teams to make a voting decision following differences between the recommendations of the company, ISS and internal voting guidelines.

1) Equinor ASA, May 2022

- **Summary of resolution:** Approve the company's Energy Transition Plan (Advisory Vote)
- **Relevant stewardship priority:** Climate Change, Corporate Transparency
- **Approx size of the holding at the date of the vote** 0.98%
- **Why this vote is considered to be most significant:** Ruffer believes the management resolution aims to increase the transparency of the company's climate transition planning and outcomes. It also links to the Trustee's stewardship priorities of climate change and corporate transparency.
- **Vote:** For
- **Rationale:** "We voted for Equinor's transition plan because we are supportive of their efforts to decarbonise. Equinor is at the forefront of offshore wind developments and we have been impressed by their business success in that area. We have engaged with the company and discussed their plan and disagree with ISS's assessment. Equinor are one of few companies who have been profitable in aiming to decarbonise and we will support that."
- **Outcome of the vote and next steps**: For - the resolution passed with 96.6% of votes in favour. Ruffer will monitor how the company progresses and improves over time, and continue to support credible energy transition strategies and initiatives.

2) Marks & Spencer Groups Plc, July 2022

- **Summary of resolution:** Governance - Approve Remuneration Report
- **Relevant stewardship priority:** Corporate Transparency
- **Approx size of the holding at the date of the vote** 0.25%
- **Why this vote is considered to be most significant:** This vote relates to executive remuneration, a common category under corporate transparency. In addition, Ruffer believes this vote supports the provision of long-term incentives for senior management.
- **Vote:** For
- **Rationale:** "We engaged with the company on this matter. Steve Rowe's (ex-CEO) notice period started on 5th July and not on 10th March when his departure was formally announced to the market. However this was done to facilitate an orderly handover of responsibilities to the new CEO(s). Steve was working during this period. We do not have an issue with this and thus approved the Remuneration Report, against our proxy advisor's advice. The fact that Steve was paid a bonus for the year despite the fact that he was on a notice period is also not an issue as he was deserving the bonus according to the criteria laid out for the year 2021-22 and even though his departure was formally announced 20 days before the year end - he continued to work until several months after the year end. Finally the decline in the share price of M&S recently is due to the market concerns of the impact of rise in inflation and not to the performance of M&S which has been very strong even in the

[2] Vote reporting template for pension scheme implementation statement – Guidance for Trustees (plsa.co.uk). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.

current environment. So we would deem it unfair to compare the salary of the new co-CEOs to the impact on the share price due to macroeconomic fears in the market."

- **Outcome of the vote and next steps**: For - the resolution passed with 70.9% of votes in favour. Ruffer will continue to engage with the company on governance issues and vote on remuneration proposals where it deems it to have material impact to the company.

Veritas

Veritas defines 'significant votes' as those that result in a vote against management.

1) Charter Communications, Inc, April 2022

- **Summary of resolution:** Disclose Climate Actions Plan and GHG Emissions Reduction Targets
- **Relevant stewardship priority:** Climate change, Corporate Transparency
- **Approx size of the holding at the date of the vote** 5.1%
- **Why this vote is considered to be most significant:** Veritas consider this to be significant as it is a vote against management, and for the Trustee, it relates to its stewardship priorities of climate change and corporate transparency.
- **Vote:** For
- **Rationale**: "A vote for this proposal is warranted, as additional information on the company's GHG emissions reduction goals aligned with Paris Agreement goals, would allow shareholders to better assess how the company is mitigating climate change related risks."
- **Outcome of the vote and next steps**: Against – this vote was not passed.

2) Unilever Plc, May 2022

- **Summary of resolution:** Approve remuneration report.
- **Relevant stewardship priority:** Corporate Transparency
- **Approx size of the holding at the date of the vote** 4.2%
- **Why this vote is considered to be most significant:** Veritas consider this to be significant as it is a vote against management, and for the Trustee, it relates to its stewardship priorities of corporate transparency.
- **Vote:** Against (was not communicated to the company ahead of the vote)
- **Rationale**: "Veritas voted against as we believed performance issues vs peers and in relation to the failed GSK bid did not merit the level of proposed compensation"
- **Outcome of the vote and next steps**: The vote passed.

Please note Veritas has not provided next steps on its significant votes.

3.4 Votes in relation to assets other than listed equity

The following comments were provided by the Fund's asset managers who don't hold listed equities, but invest in assets that had voting opportunities during the period:

Arcmont

"Given Arcmont is a Private Debt asset manager, there is limited scope to participate in voting activities where we have a blocking / majority vote. Due to this, Arcmont does not have a formal voting policy or track voting activities.

Note that Arcmont may be able to vote in limited instances where (i) investments take on an equity element and we are assigned voting board seats, or (ii) in the rare circumstances that Arcmont becomes a majority shareholder of the business. However, at the levels of co-investment that we participate in, and in the current market conditions, we are typically only granted votes on economic protections and structural changes to the equity, e.g. if a new class of shares is to be issued and we are diluted.

Arcmont is committed to maintaining an open and active dialogue with management, helping to identify any changes in an investment's ESG risk profile, but more importantly, enabling discussions to influence business practices to mitigate ESG risks. Arcmont tracks and monitors the ESG risk profiles of our investments to assess the severity of the risks, whilst moving to take appropriate action should a risk become too great."