

Implementation Statement, covering the Fund Year from 1 April 2024 to 31 March 2025

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. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Fund Year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

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

1. Introduction

The voting and engagement policies in the SIP were reviewed and updated during the Fund Year to reflect the DWP's new guidance on Reporting on Stewardship and Other Topics, which expects trustees to take a more active role in relation to monitoring and engaging with investment managers on stewardship. Further details are set out in Section 2.

As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustee has, in its opinion, followed the Fund's voting and engagement policies during the Fund Year.

2. Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights and engagement. However, the Trustee takes ownership of the Fund's stewardship by monitoring and engaging with managers as detailed below.

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

In December 2024, the Trustee reviewed LCP's responsible investment (RI) scores for the Fund's existing managers and funds, along with LCP's qualitative RI assessments for each fund and red flags for any managers of concern. These scores cover the manager's approach to ESG factors, voting, engagement and stewardship. The fund 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 are based on LCP's Responsible Investment Survey 2024. LCP provided recommended actions for the Trustee to engage with managers to further improve its managers' responsible investment practices.

In June 2023, the Trustee discussed and agreed stewardship priorities for the Fund to focus monitoring and engagement with investment managers on specific ESG factors. The priorities chosen were climate change and corporate transparency. These priorities were selected (and remain in place) because they are market-wide areas of risk that are financially material for the investments.

From time to time, the Trustee invites the Fund's investment managers to present at Trustee meetings, albeit no managers attended Trustee meetings during the recent Fund year.

During the Fund Year, the Trustee appointed Insight to manage an allocation to short dated buy & maintain credit (in a pooled fund). In selecting and appointing this manager, the Trustee reviewed LCP's RI assessment of the manager.

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 over time to clarify expectations and encourage improvements.

3. Description of voting behaviour during the Fund Year

The Fund did not hold any listed equities during the year to 31 March 2025 and therefore there is no voting behaviour to report on in this Statement. The Trustee did not make use of the services of a proxy voter during the period.

3.1 Votes in relation to assets other than listed equity

LCP, on behalf of the Trustee, contacted the Fund's asset managers that do not hold listed equities, to ask if any of the assets held by the Fund had voting opportunities over the Fund Year. The following comments were provided by the Fund's asset managers 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.

Note that Arcmont may be able to vote in limited instances where, either:

- investments take on an equity element and we are assigned voting board seats, or
- 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. For instance, if a new class of shares is to be issued and we are diluted. For circumstances where Arcmont does have the ability to exercise voting rights, such voting rights shall be exercised in accordance with the Arcmont Voting Policy (a copy of which is available upon request).

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."

Janus Henderson - the Fund made a full redemption in June 2024

"In formulating its approach to corporate governance, Janus Henderson is conscious that a 'one size fits all' policy is not appropriate. Corporate governance regimes vary significantly as a function of factors such as the relevant legal system, extent of shareholder rights, and level of dispersed ownership. Janus Henderson varies its voting and engagement activities according to the market and pays close attention to local market codes of best practice.

However, Janus Henderson consider certain core principles to be universal:

- Disclosure and transparency
- Board responsibilities
- Shareholder rights
- Audit and internal controls

A key element of Janus Henderson's approach to proxy voting is to support these principles and to foster the long-term interests of its clients. It also recognises that in some instances, joint action by shareholders has the potential to be more effective than acting alone. This is especially true when shareholders have a clear common interest. Where appropriate, Janus Henderson pro-actively collaborates with other investors on governance and wider environmental and social engagement issues, directly and through industry bodies.

Janus Henderson has a fiduciary duty to ensure that proxies are voted in the best interest of all its clients for which it has voting responsibility. It has adopted proxy voting policies and procedures, along with internal procedures, to fulfil proxy voting responsibilities.

To assist in assessing the corporate governance of investee companies, it subscribes to ISS (an independent proxy voting adviser). ISS provides voting recommendations based upon Janus Henderson's policies and procedures. Its in-house specialists scrutinise the ISS research and supplement this with in-house research and engagement.

In addition, Janus Henderson has a Proxy Voting Committee, which is responsible for its positions on major voting issues and creating guidelines overseeing the voting process. The Committee is comprised of representatives of investment portfolio management, corporate governance, accounting, legal and compliance. Additionally, the Proxy Voting Committee is responsible for monitoring and resolving possible conflicts of interest with respect to proxy voting.”

Overall, in the Trustee’s opinion, Arcmont and Janus Henderson’s voting behaviour aligns with the Fund’s stewardship priorities.