

Engagement Policy Implementation Statement (“EPIS”)

Lloyd's Pension Scheme (the “Scheme”)

Scheme Year End – 30 June 2025

The purpose of the EPIS is for us, the Trustees of the Lloyd's Pension Scheme, to explain what we have done during the year ending 30 June 2025 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How the policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Scheme's investments have been followed during the year; and
2. How the Trustees have exercised their voting rights or how these rights have been exercised on their behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

Our conclusion

Based on the activity the Trustees have undertaken during the year, the Trustees believe that the policies set out in the SIP have been implemented effectively.

In the Trustees' view, most of the Scheme's material investment managers were able to disclose good evidence of voting and engagement activity, and the activities completed by the Scheme's managers align with the Trustees' stewardship expectations. The Trustees believe that their voting rights have been implemented effectively on our behalf.

The Trustees expect improvements in disclosures over time in line with the increasing expectations on investment managers and their significant influence to generate positive outcomes for the Scheme through considered voting and engagement.

The Trustees delegate the management of some of the Scheme's assets to Aon Investments Limited (“AIL”). The Trustees believe the activities completed by AIL to review the underlying managers' voting and engagement policies, and activities align with their stewardship expectations. The Trustees believe their voting rights have been implemented effectively on their behalf.

The Trustees will continue to monitor the Environmental, Social and Governance (“ESG”) practices of the Scheme's appointed investment managers and make changes where necessary following consultation from the Scheme's investment adviser, Aon.

Engagement Policy Implementation Statement (“EPIS”) (continued)

Scheme Stewardship Policy

The below bullet points summarise the Scheme’s stewardship policy in force over the Scheme year to 30 June 2025.

The full SIP can be found in the below link

https://lloyds.pensions-directory.co.uk/~/media/documents/libraries/pensionsdirectory/lloyds/lloyds_sip_approved_sept_2025_for_signed

The Trustees updated the stewardship policy in September 2023 to reflect the new regulatory requirements with regards to stewardship reporting via the SIP and EPIS.

- The Trustees recognise the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which its investments reside. The Trustees recognise that ultimately this protects the financial interests of the Scheme and its beneficiaries.
- The Trustees regularly review the suitability of the Scheme’s investment managers and take advice from the Investment Adviser regarding any changes. Where applicable, this advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. If an incumbent manager is found to be falling short of the standards the Trustees expect, the Trustees undertake to engage with the manager and seek a more sustainable position but may look to replace the manager.
- The Trustees will review the alignment of the Trustees’ policies to those of the scheme’s investment managers and ensure the managers, or other third parties, use their influence as major institutional investors to carry out the Trustees’ rights and duties as a responsible shareholder and asset owner. This will include voting, along with – where relevant and appropriate – engaging with underlying investee companies to promote good corporate governance, accountability, and positive change.
- The Trustees will engage with the investment managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned.
- The Trustees accept responsibility for how the manager stewards assets on their behalf, including the casting of votes (where voting is deemed applicable) in line with each managers’ individual voting policies.
- The Trustees accept that there may be circumstances where managers are unable to exercise their voting power due to the underlying nature of assets held.
- The Trustees may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest. Where such a concern is identified, the Trustees will engage with the Investment Adviser to consider the methods by which, and the circumstances under which, they would monitor and engage an investment manager and other stakeholders.

Engagement Policy Implementation Statement (“EPIS”) (continued)

How voting and engagement policies have been followed

The Scheme is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Scheme’s investment managers, which is in line with the policies set out in our SIP. The Trustees reviewed the stewardship activity of the material investment managers carried out over the Scheme year and in their view, most of the investment managers were able to disclose good evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Scheme’s investment managers can be found in the following sections of this report.

Manager Appointments

Throughout the Scheme year, the Trustees considered how to further integrate ESG-aligned solutions into the Scheme’s portfolio, to help further boost the ESG credentials of the Scheme’s assets.

As such the Trustees agreed to add to their credit investments through an investment in the Allspring Climate Transition Buy and Maintain Credit Funds. These SFDR Article 8 rated funds aim to deliver total returns, whilst investing in a broad range of best-in-class companies transitioning to a lower-carbon world.

In addition, in early 2025, the Trustees invested in Aon Investments Limited’s (“AIL”) Active Diversifiers Strategy. This strategy contains hedge fund managers that are either rated Advanced or Integrated for ESG by Aon’s Investment Manager Research team. The AIL fund also aims to be net-zero by 2050 with a 50% reduction in emissions by 2030 (using 2019 as a baseline).

Also, late in the Scheme year, the Trustees agreed to establish an investment in asset-backed securities through an investment in HSBC’s Global Investment Grade Securitised Credit Bond Fund. Also, an SFDR Article 8 classified fund, it seeks to make investments that align with the environmental and social objective of the sub-fund and will consider responsible business practices in accordance with the United Nations Global Compact (“UNGC”) and OECD principles.

Ongoing Monitoring

The Trustees receive a quarterly monitoring report from Aon. The report includes ESG ratings and highlights any areas of concern, or where action is required. The ESG rating system is for Aon’s “Buy” rated investment strategies and is designed to assess whether investment managers integrate responsible investment and more specifically ESG considerations into their investment decision making process. The ESG ratings are based on a variety of qualitative factors, starting with a proprietary due diligence questionnaire, which is completed by the fund manager.

Aon’s researchers also conduct a review of the managers’ responsible investment related policies and procedures, including a review of their responsible investment policy (if they have one), active ownership, proxy voting and/or stewardship policies. After a thorough review of the available materials, data, and policies, as well as conversations with the fund manager, the lead researcher will award an ESG rating, which is subject to peer review using an agreed reference framework. Ratings will be updated to reflect any changes in a fund’s level of ESG integration or broader responsible investment developments.

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which Environmental Social Governance (“ESG”) issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Engagement Policy Implementation Statement (“EPIS”) (continued)

Ongoing Monitoring (continued)

Aon's manager research team regularly engage with the Scheme's investment managers on behalf of the Trustees on a variety of ESG issues. Aon will report back to the Trustees any areas of concern on which the Trustees may wish to engage directly with the manager.

Each year, the Trustees review the voting and engagement policies of the Scheme's investment managers to ensure they align with their own policies for the Scheme and help the Trustees to achieve them.

Our Engagement Action Plan

Based on the work the Trustees have done for the EPIS, The Trustees have decided to take the following steps over the next 12 months:

1. Arrowstreet did not provide fund-level engagement information, however, the manager provided firm-level engagement information, which is an improvement since the last reporting period. The Trustees will work in conjunction with the Scheme's investment adviser, Aon, to engage with Arrowstreet to better understand its engagement practices and discuss the reporting areas that are behind those of its peers.
2. The Trustees will continue to undertake regular ESG monitoring of the Scheme's investment managers.
3. The Trustees will share Scheme's Responsible Investment policies with the investment managers and ask them to confirm whether they are aligned with the Trustees views.

Engagement Policy Implementation Statement (“EPIS”) (continued)

AIL’s engagement activity

The Trustees invest some of the Scheme’s assets in AIL’s Active Diversifiers Strategy. These are fund of funds arrangements, where AIL selects the underlying investment managers on our behalf.

The Trustees delegate monitoring of ESG integration and stewardship of the underlying managers to AIL.

Over the year, AIL held several engagement meetings with many of the underlying managers in its strategies. AIL discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the investment managers. AIL provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

Over the year, AIL engaged with the industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations.

AIL has a net zero commitment to deliver UK delegated investment portfolios and default strategies which have a net zero carbon emissions profile by 2050.

AIL also successfully renewed its signatory status to the 2020 UK Stewardship Code, a set of high stewardship standards for asset owners and asset managers which is maintained and assessed by the Financial Reporting Council.

What is fiduciary management?

Fiduciary management is the delegation of some, or all, of the day-to-day investment decisions and implementation to a fiduciary manager. But the trustees still retain responsibility for setting the high-level investment strategy.

In fiduciary management arrangements, the trustees will often delegate monitoring ESG integration and asset stewardship to its fiduciary manager.

Engagement Policy Implementation Statement (“EPIS”) (continued)

Our managers’ voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company’s stock. The Trustees believe that good stewardship is in the members’ best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders’ interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme’s investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. The Trustees expect the Scheme’s equity-owning investment managers to responsibly exercise their voting rights.

Voting statistics

The table below shows the voting statistics for each of the Scheme’s material funds with voting rights for the year to 30 June 2025.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
Arrowstreet Capital, L.P. Global Equity ACWI Strategy	11,032	91.4%	6.8%	0.8%
Legal & General Asset Management (“L&G”) - Future World Equity Index	55,250	100.0%	17.4%	1.2%
Longview - Global Equity Total Return Strategy	486	100.0%	10.3%	0.2%

Source: Managers. Please note that the ‘abstain’ votes noted above are a specific category of vote that has been cast, and are distinct from a non-vote.

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser’s recommendations.

The table below describes how the Scheme’s managers use proxy voting advisers.

Managers	Description of use of proxy voting advisers (in the managers’ own words)
Arrowstreet Capital, L.P.	We engage a third-party service provider Institutional Shareholder Services (“ISS”) to provide proxy-voting services for client accounts (including Arrowstreet Sponsored Funds), including vote analysis, execution, reporting and certain recordkeeping services. Environmental, social and corporate governance (ESG) principles are taken into account in the service provider’s standard proxy voting policies. In addition, we make available enhanced ESG specific proxy voting services upon request. Proxy voting services are monitored periodically by our Client Operations team. ISS maintains a set of proxy voting guidelines that describe in greater detail how it generally votes specific proxy matters for the firm’s clients.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

Source: UN PRI

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

Engagement Policy Implementation Statement (“EPIS”) (continued)

Use of proxy voting advisers (continued)

L&G	<p>L&G's Investment Stewardship team uses Institutional Shareholder Services' (ISS) 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.</p>
Longview Partners LP (Longview)	<p>On behalf of our institutional clients, we employ the services of the proxy voting adviser Glass, Lewis & Co, a leading independent provider of corporate governance solutions to the financial services industry. Glass Lewis fulfils two functions. Firstly, as a purely operational process, they ensure the voting instructions provided by Longview are implemented across client accounts. Secondly, Glass Lewis uses publicly available sources of information such as stock exchanges, regulators and company filings to provide research and analysis and make voting recommendations. Glass Lewis has partnered with Sustainalytics and Arabesque to provide additional ESG-specific information in their proxy voting analysis.</p> <p>Glass Lewis provides structured reports which detail their research and recommendations on each resolution to be voted on. Glass Lewis's report on each of the portfolio holdings is circulated to the Research Team for review. The Research Team will use the Glass Lewis research to assist its deliberations and decide how to vote. If appropriate, the decision may be to vote against Glass Lewis's recommendations and/or against management. Where the decision has been taken to vote against management, we may contact the company to engage with them if timelines allow.</p>

Source: Managers

Significant voting examples

To illustrate the voting activity being carried out on our behalf, the Trustees asked the Scheme's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Scheme's funds. A sample of these significant votes can be found in the appendix

Engagement Policy Implementation Statement (“EPIS”) (continued)

Our managers’ engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Scheme’s material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm-level i.e. is not necessarily specific to the funds invested in by the Scheme.

Funds	Number of engagements		Themes engaged on at a fund level
	Fund level	Firm level	
Allspring - Buy & Maintain Credit Funds**			<i>Not available</i>
Underlying managers of AIL's Active Diversifiers Strategy:			
Arrowstreet - ESG Global Equity Long/Short Fund	<i>Not provided</i>	159	Environment* - Water Quality; Water Security Social* - Human and Labour Rights; Community Relations Governance* - Business Ethics; Accounting and Taxation
Caius Capital - International Fund ***	>30	>30	Governance - Board Effectiveness - Other; Leadership - Chair/CEO Strategy, Financial & Reporting - Strategy/Purpose; Financial Performance
Man Group - Alternative Risk Premia Fund	<i>Not provided</i>	66	Environment* - Climate Change; Natural Resource Use/Impact Social* - Human and Labour Rights; Human Capital Management Governance* - Remuneration
Arrowstreet Capital, L.P. Global Equity ACWI Strategy	<i>Not provided</i>	159	Environment* - Water Quality; Water Security Social* - Human and Labour Rights; Community Relations Governance* - Business Ethics; Accounting and Taxation
L&G - Buy and Maintain Credit	383	4,399	Environment - Climate Change; Pollution, Waste; Antimicrobial Resistance Social - Human and Labour Rights; Human Capital Management; Inequality Governance - Remuneration; Board Effectiveness - Independence/Oversight; Board Effectiveness – Diversity Strategy, Financial & Reporting - Financial Performance; Strategy/Purpose; Reporting
L&G - Future World Equity Index	2,027	4,399	Environment - Climate Change; Natural Resource Use/Impact; Pollution, Waste Social - Human and Labour Rights; Human Capital Management; Public Health Governance - Remuneration; Board Effectiveness – Diversity; Board Effectiveness - Independence/Oversight Strategy, Financial & Reporting - Financial Performance; Strategy/Purpose; Reporting

Engagement Policy Implementation Statement (“EPIS”) (continued)

Our managers' engagement activity (continued)

Longview - Global Equity Total Return Strategy ****	16	16	Environment - Climate Change; Natural Resource Use/Impact; Pollution, Waste Social - Human and Labour Rights; Human Capital Management; Public Health Governance - Remuneration; Board Effectiveness - Independence/Oversight; Board Effectiveness - Other Strategy, Financial & Reporting - Strategy/Purpose; Risk Management
PIMCO – Diversified Income Fund	377	1,517	Environment - Climate Change; Natural Resource Use/Impact; Pollution, Waste Social - Conduct, Culture and Ethics; Human and Labour Rights; Human Capital Management Governance - Board Effectiveness – Diversity; Independence or Oversight; Remuneration Strategy, Financial and Reporting - Capital Allocation; Financial Performance; Strategy/Purpose

Source: Managers.

*Arrowstreet and Man Group did not provide fund level themes; themes provided are at a firm-level.

**The funds in scope were launched on 22nd January 2025 and funded 31st March 2025, there are no engagements to report for the period specified.

*** The manager stated the fund level engagement figures are the same as the firm level.

**** As a single product firm, Longview's firm and fund level engagement figures are identical

Data limitations

At the time of writing, the following managers did not provide all the information the Trustee requested:

- L&G has provided complete engagement information. We note that the total number of engagements above refers specifically to the total number of interactions L&G held with individual companies as opposed to the number of engagements on specific engagement themes. Each interaction may cover multiple themes.
- Arrowstreet and Man Group did not provide all of the engagement information requested, only providing detailed engagement information at a firm level only.

This report does not include commentary on the Scheme's investment in government bonds, index-linked government bonds or cash because of the limited materiality of stewardship to these asset classes.

Engagement Policy Implementation Statement (“EPIS”) (continued)

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Scheme’s managers. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below:

Examples of what might be considered a significant vote are:

- a vote where a significant proportion of the votes (e.g. more than 15%) went against the management’s proposal
- where the investment manager voted against a management recommendation or the recommendation of a third-party provider of proxy voting
- a vote that is connected to wider engagement with the company involved
- a vote that demonstrates clear and considered rationale
- a vote that the Trustee considers inappropriate or based on an inappropriate rationale
- a vote that has significant relevance to members of the Scheme.

L&G - Future World Equity Index	Company name	Broadcom Inc.
	Date of vote	21 April 2025
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.3
	Summary of the resolution	Resolution 1g: Elect Director Henry Samueli
	How you voted?	L&G voted against the resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	L&G's Asset Management business publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Climate Impact Pledge: A vote against is applied as the company is deemed not to have made sufficient progress against our climate expectations and red lines, as set out in our sector guides through L&G's dial-mover engagement programme.
	Outcome of the vote	Pass
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	L&G's Asset Management business will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
Longview - Global Equity Total Return Strategy	On which criteria have you assessed this vote to be most significant?	Thematic - Climate: L&G's Asset Management business considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting companies in climate-critical sectors. More information on L&G's Asset Management business' Climate Impact Pledge can be found here: https://am.landg.com/en-uk/institutional/responsible-investing/climate-impact-pledge/
	Company name	Nike, Inc.
	Date of vote	10 September 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	2.3
	Summary of the resolution	Shareholder Proposal Regarding Report on Supply Chain Management

Engagement Policy Implementation Statement (“EPIS”) (continued)

Appendix – Significant Voting Examples (continued)

How you voted?	Longview voted to support the resolution
Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
Rationale for the voting decision	NIKE has been linked to various allegations of human rights breaches in its supply chain over the past few years. This creates both legal and reputational risk given NIKE's position as a consumer brand. Whilst NIKE appears to manage and monitor its supply chain appropriately in what is a 'high-risk' industry, it would be reasonable for shareholders to request an assessment of the effectiveness of the company's supply chain management. There also appears to be room for more effective measures particularly, amongst their lower-tier suppliers. We believe this proposal is in-line with the long-term interest of NIKE's shareholders and propose voting FOR the resolution (against the Company and Glass Lewis).
Outcome of the vote	Fail
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	For future proposals, Longview may consider engaging with the company prior to the vote to better understand management's stance, providing tight voting instruction deadlines allow.
On which criteria have you assessed this vote to be most significant?	Longview has voted against management and against Glass Lewis.

Source: Managers