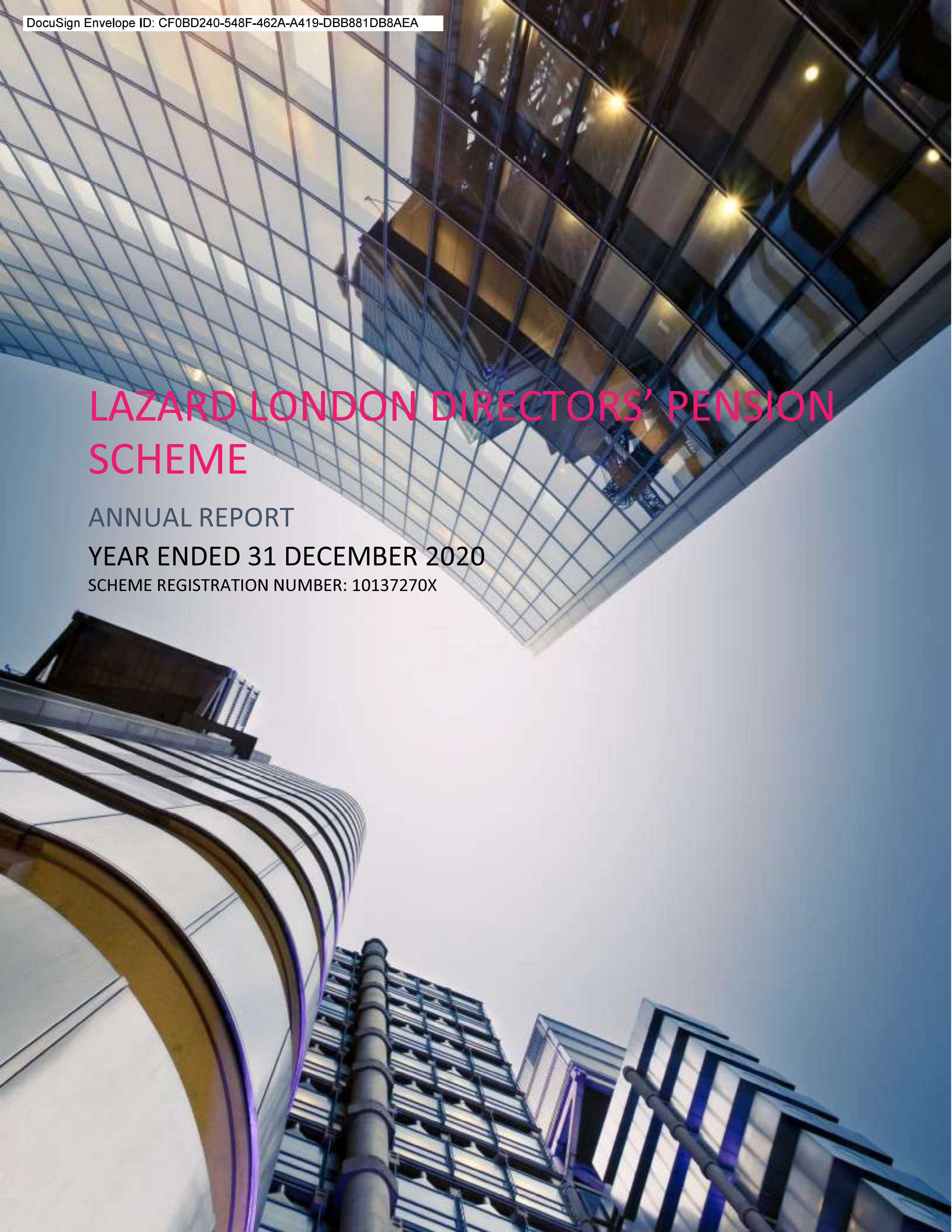

LAZARD LONDON DIRECTORS' PENSION SCHEME

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2020

SCHEME REGISTRATION NUMBER: 10137270X

LAZARD LONDON DIRECTORS' PENSION SCHEME

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LAZARD LONDON DIRECTORS' PENSION SCHEME

TRUSTEES AND THEIR ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2020

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Mrs B Albage Gough-Cooper
Mr P Dixon
Mr D Cummings (Member nominated)
Mr A Johnston (Member nominated)
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95 Wigmore Street
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CR0 2LX

Auditor
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London
EC2A 1AQ

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London
EC2Y 5AU

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Transfer Agency
3rd Floor Citibank Europe PLC
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EC4V 4LA

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Dublin 1
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EC4R 3AF

Northern Trust
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E14 5NT

Principal Employer
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50 Stratton Street
London
W1J 8LL

Contact for Further Information
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AMP House
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Croydon
Surrey
CR0 2LX

LAZARD LONDON DIRECTORS' PENSION SCHEME

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction
The Trustees of the Lazard London Directors' Pension Scheme ("the Scheme") present their report together with the financial statements for the year ended 31 December 2020.

The Scheme is a defined benefit Scheme, provided for eligible employees of the Principal Employer, Lazard & Co, Services Limited ("the Company") and its predecessors, together the "UK employing companies". It provides members with a retirement pension based on pensionable salary and years of membership. In addition, members were previously able to secure additional money purchase benefits by making voluntary contributions.

The Scheme was closed to new entrants with effect from 1 January 2002 and ceased accrual of future benefits from 31 March 2006. This does not affect benefits accrued up to 31 March 2006.

Members are entitled to receive the Basic State Pension and may be eligible for the State Second Pension.

Management of the Scheme
Two thirds of the Scheme Trustees are company nominated in accordance with the Pensions Act 2004, one third of the Trustees are nominated by the members under the rules notified to the members of the Scheme, to serve an initial period of five years. Nominations from Scheme members are invited and the incumbents may also put themselves forward for an additional five year term. Members are asked to vote to elect the Member Nominated Trustees for the next five year term. In the event that there is only one nomination, the person nominated will automatically be appointed as a Trustee. Member Nominated Trustees may be removed before the end of the five year term but only by agreement of all the remaining Trustees.

The Trustees who served during the year ended 31 December 2020 are listed on page 1. Although the appointed Trustees are responsible for the overall management of the Scheme, the operation of the Scheme is delegated to the Secretary and certain third party advisors, whose performance is monitored by the Trustees.

The Trustees are responsible for managing the Scheme in the best interests of its members and they meet on a regular basis to discuss all aspects of the Scheme and its operation. The Trustees held 6 formal meetings during the year.

Trustee Knowledge and Understanding
The Pensions Act 2004 requires the Trustees to have sufficient knowledge and understanding of pensions and trust law and be conversant with the Scheme documentation. The Pensions Regulator has published a Code of Practice on Trustee Knowledge and Understanding, to assist the Trustees on this matter, which became effective from 6 April 2006. The Trustees receive regular training which enables them to meet the Pension Regulator's Trustee Knowledge and Understanding requirements.

Governance and Risk Management
The Trustees and the Scheme Administrator have considered the key risks affecting the Scheme and have implemented internal controls to mitigate these risks in accordance with the guidelines contained in the Pensions Regulator's Codes of Practice. The Trustees and the Scheme Administrator continually monitor the effectiveness of these controls and also undertake regular governance and compliance reviews to ensure the Scheme is managed in accordance with the Scheme's Rules and the requirements of the law.

The Trustees have in place a risk register and business plan that sets out objectives in areas such as administration, investment, funding and communication, to help the Trustees run the Scheme efficiently and serves as a useful reference document.

Recent Developments

Coronavirus Pandemic – impact on investments
COVID-19 continues to affect a significant number of countries globally. It has caused disruption to economic activity, which has been reflected in fluctuations in global stock markets and, in turn, in the valuation of Scheme assets. The Trustees have designed and implemented the Scheme's investment strategy taking a long-term view and has built in resilience to withstand short-term fluctuations. The Trustees have been actively monitoring both the financial security of the Scheme and the suitability of the investment strategy and will continue to do so throughout the pandemic, and beyond. The actuarial valuation as at 31 December 2019 (which calculates any shortfall between the Scheme's assets and liabilities) took into account any negative funding impact stemming from COVID-19 and the fluctuating investment markets (up to that date). The valuation showed an improvement in the funding position since the last valuation, and it improved further in the year to 31 December 2020.

The Trustees also continue to monitor the employer covenant and have been receiving regular updates from the Company about the impact of COVID-19 on their business and do not currently have any significant concerns.

The Trustees and their advisers continue to closely monitor Government advice in relation to the COVID-19 pandemic and are taking all appropriate action as directed. The internal controls and business continuity plans in place have ensured that the Scheme has been able to continue to operate. As part of this, Trustees' meetings are being held remotely and all advisers / service providers have been able to work from home when required with minimal negative impact. In particular, the administration of the Scheme continues to operate effectively, and benefit payments have continued uninterrupted.

Pension Increases
All pensions in payment as at 1 January 2020 were increased by 3% (2019: 3%).

Calculation of Transfer Values
Transfer values are calculated in accordance with the statutory cash equivalent requirements of the Pension Schemes Act 1993 as amended by The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 (SI 2008/2450) which took effect from 1 October 2008.

None of the transfer values paid were less than the amount required by the regulations.

Membership
Details of the membership of the Scheme for the year are given below:

	Total 2020	*Total 2019*
PENSIONERS		
Pensioners at the start of the year	**73**	*78*
Adjustments	**-**	*(3)*
New pensioners	**1**	*1*
Deaths	**(1)**	*(3)*
Spouses and dependents	**1**	*-*
Pensioners at the end of the year	**74**	*73*
MEMBERS WITH DEFERRED BENEFITS		
Members with deferred benefits at the start of the year	**26**	*27*
Transfers out	**(1)**	*-*
Retirements	**(1)**	*(1)*
Members with deferred benefits at the end of the year	**24**	*26*
TOTAL MEMBERSHIP AT THE END OF THE YEAR	**98**	*99*

Pensioners include beneficiaries receiving a pension upon the death of a pensioner. Adjustments to the brought forward figures relate to late notification of members change in status. Where members have had more than one period of service in the Scheme, multiple member records are included in the above table.

Of the 74 pensioners at the year end, there were 14 individuals (2019:13) receiving a pension following the death of their spouse and there were 11 pensioner annuitants (2019:11) who are members of the Scheme and have had part of their benefits secured by the purchase of annuities.

These membership figures do not include movements notified to the Administrator after the Scheme year end date.

Financial Development of the Scheme
The financial statements on pages 19 to 32 have been prepared and audited in accordance with the regulations made under Sections 41 (1) and (6) of the Pensions Act 1995. They show that the value of the fund has increased from £181,923,000 at 31 December 2019 to £194,911,000 at 31 December 2020.

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Report on Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, the Scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its Technical Provisions. The Technical Provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date, assessed using the assumptions agreed between the Trustees and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The Trustees of the Lazard London Directors' Pension Scheme agreed with the UK employing companies the terms of the Funding Deed, which was executed on 30 August 2005, and amended on 31 March 2015.

The main ongoing funding objective of the Deed is to achieve full funding on a "Buyout Basis" by 31 May 2030.

As part of discussions with the UK employing companies regarding the 2013 valuation, the Trustees agreed additional security in the form of an uncapped guarantee from Lazard Group LLC. The security is conditional on the Trustees and UK employing companies continuing to work together to agree the Scheme's investment strategy over the period to 2030.

Actuarial Position of the Scheme

The most recent actuarial valuation of the Scheme, at 31 December 2019, showed the funding position on a Technical provisions basis as follows:

	£M
Assets:	177.4
Liabilities:	192.3
Deficit:	14.9
Funding level:	92%

In order to remove this deficit the Trustees agreed with the Company that the Company will contribute cash payments into the Scheme of:

- 10 annual payments of £1.1m, payable by 31 March each year. The first payment must be paid by 31 March 2021 and the final payment must be made by 31 March 2030.

The agreed contributions, as set out above, were expected to repair the deficit (based on market conditions at the valuation date) by 31 March 2030.

The last formal funding update from the Scheme Actuary, estimated that, as at 31 December 2020, the funding level of the Scheme had improved to an estimated deficit of £14.4m. This improvement was mainly due to the performance of Scheme Assets.

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Report on Actuarial Liabilities (continued)

Method
The actuarial method used in the calculation of the technical provisions is the Projected Unit Method.

Significant Actuarial Assumptions
The key assumptions used for calculating the technical provisions and future contributions requirement for the Scheme were:

Discount interest rate: Term dependent rates set by reference to the fixed interest gilt curve (as derived from Bank of England data) at the valuation date plus an overall return in excess of gilts (summarised in the table below):

Period	Overall return in excess of gilts
31/12/2019 - 31/05/2020	1.4 %p.a.
01/06/2020 - 31/05/2030	1.1 %p.a.
From 01/06/2030	0.0 %p.a.

Future Retail Price Inflation: Term dependent rates derived from the Bank of England fixed interest and index linked gilt curves at the valuation date.

Future Consumer Price Inflation: Term dependent rates derived from the assumption for future retail price inflation less an adjustment equal to 1.0% per annum.

Pension Increases: derived from the term dependent rates for future price inflation allowing for the caps and the floors on pension increases according to the provisions in the Scheme's rules.

Mortality: For the period in retirement, standard tables S3NA with a scaling factor of 75% projected from 2007 in line with the CMI 2018 core projections with a long-term annual rate of improvement of 1.5% for males and 1.25% for females. For pre-retirement mortality the AC00 tables are used.

Investment Matters
The Trustees, with the assistance of their appointed investment adviser, determine the overall investment strategy for the Scheme and set out the broad policy to be adopted by each of the appointed fund managers.

Investment Principles
In accordance with Section 35 of the Pensions Act 1995, the Trustees have prepared a Statement of Investment Principles (SIP) which was updated in September 2020 in line with the new ESG guidelines, which includes the Trustees' policy relating to ethical investment and the exercise of the rights attaching to investments. Any member may request a copy from the Secretary to the Trustees, details of which are listed on page 1. This Statement may change from time to time according to advice received from the investment adviser and with input from the investment managers.

The Trustees have produced an Implementation Statement which sets out how, and the extent to which, they have followed the voting and engagement policies in their Statement of Investment Principles ("SIP") during the Scheme Year. The Statement also includes a description of the voting behaviour by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) during the Scheme Year and states any use of the services of a proxy voter during that year. The Implementation Statement can be found in the appendix in this report.

Investment Managers
The names of those who have managed the Scheme's investments during the year are listed on page 2. The Trustees have delegated the day-to-day management of investments to their appointed fund managers. A written agreement between the Trustees and each manager sets out the terms on which the manager will act.

Employer-Related Investments
The Scheme's investment managers have confirmed that, as at 31 December 2020, there were no direct or indirect employer-related investments held by the Scheme.

Investments under management by Lazard Asset Management Limited represented 10.9% (2019 13.7%) of the net assets.

Environmental, Social and Governance and Ethical Factors
The Trustees have considered how environmental, social, governance ("ESG") and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Scheme and its members.

The Trustees expect their investment managers to take account of financially material considerations (including climate change and other ESG considerations). The Trustees seek to appoint managers that have appropriate skills and processes to do this, and from time to time review how their managers are taking account of these issues in practice. The Trustees have limited influence over managers' investment practices where assets are held in pooled funds, but they encourage their managers to improve their practices where appropriate.

The Trustees do not take into account any non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments.

The Trustees recognise their responsibilities as owners of capital, and believe that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustees have delegated to their investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations.

Investment Matters (continued)

Asset allocation

The Scheme's asset allocation as at 31 December 2020 (excluding AVC investments and cash held to meet net outflows), was split approximately as follows:

Name	Portfolio	2020 %	2019 %
Ruffer	Absolute return portfolio	12.3	11.4
Lazard Asset Management	Global equities	11.7	14.6
Baillie Gifford	Global equities	16.5	13.3
Longbow	Private credit	3.0	4.4
	Total "Growth" Assets	**43.5**	43.7
Insight	Liability matching portfolio	37.3	43.1
Insight	Secured finance	6.8	-
Aegon	Asset backed securities	12.4	13.2
	Total "Defensive" Assets	**56.5**	56.3
	Total Scheme	**100**	100

Please note figures may not sum due to rounding. The liability matching portfolio includes allocations to LDI funds, a high-grade asset-backed securities ("ABS") fund and a liquidity fund.

The asset allocation has been set by the Trustees such that the Scheme's investments (excluding cash held to meet net outflows) should comprise 42.5% 'return seeking' assets and 57.5% 'defensive' assets. The Trustees will review the Scheme's asset allocation from time to time, to ensure that the split between growth and defensive assets remains within 5% of the target allocation.

Investment Performance

The investment performance in this section is for the Scheme's invested assets. The returns from the Scheme's AVC investments, insurance policies, Insight's cash sub-portfolio and Trustees' bank account are not included. Unless otherwise stated, all the returns are shown after the deduction of investment management fees.

The overall Scheme benchmark return is calculated as a composite of each of the underlying investment manager's benchmark returns weighted by each manager's asset allocation.

Total Returns	1 Years %	3 Years % p.a.	5 Years % p.a.
Scheme (% pa)	13.5	7.7	10.1
Benchmark(% pa)	12.8	8.2	10.0
Relative Performance (% pa)	0.7	-0.5	0.1

Investment Management Fees

The Investment Managers are paid fees in relation to the size of assets managed. These fees have been negotiated and the Trustees believe they represent competitive rates for the type of mandate awarded.

Investment Matters (continued)

Custody Arrangements
The Scheme's equity managers are each responsible for custody of their assets of the pooled equity funds in which the Scheme invests, with BNY Mellon the sub-custodian for both Baillie Gifford and Lazard Asset Management.

Under the investment management agreement with Ruffer LLP, the Trustees use RBC Investor Services as custodian, with the custody being arranged by Ruffer.

Northern Trust is custodian for the pooled funds invested with Insight Investment Management Limited. Deutsche Bank Luxembourg S.A. is the depositary for pooled funds invested with I CG-Longbow IV GP SARL.

Aegon investment management have appointed Citibank Europe PLC Limited as custodian.

The custodians and depositary are responsible for the safekeeping, monitoring and reconciliation of documentation relating to the ownership of listed investments and are authorised under the Financial Services and Markets Act 2000 to carry out such activities.

Investments are held in the name of the custodians' nominee companies, in line with common practice for pension Scheme investments.

The Scheme's policies in relation to voting rights
The Trustees recognise their responsibilities as owners of capital, and believe that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustees have delegated to their investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG considerations.

The Trustees do not monitor or engage directly with issuers or other holders of debt or equity. They expect the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustees from time to time, taking into account the long-term financial interests of the beneficiaries. The Trustees seek to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time the Trustees review how these are implemented in practice.

The Scheme's policy on the implementation of asset manager arrangements
The investment managers' primary role is the day-to-day investment management of the Scheme's investments. The managers are authorised under the Financial Services and Markets Act 2000 to carry out such activities.

The Trustees have limited influence over managers' investment practices because all the Scheme's assets are held in pooled funds, but they encourage their managers to improve their practices where appropriate.

The Trustees' view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustees' responsibility to ensure that the managers' investment approaches are consistent with their policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustees expect investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. They assess this when selecting and monitoring managers.

The Trustees evaluate investment manager performance by considering performance over both shorter and longer-term periods as available. Except in closed-ended funds where the duration of the investment is determined by the fund's terms, the duration of a manager's appointment will depend on strategic considerations and the outlook for future performance. Generally, the Trustees would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustees' policy is to evaluate each of their investment managers by reference to the manager's individual performance as well the role it plays in helping the Scheme meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustees recognise that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. The Trustees expect their investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Scheme's investment mandates.

Compliance Matters

Pension Schemes Registry

The Trustees are required to provide certain information about the Scheme to the Pension Schemes Registry. This has been forwarded to:

Pension Schemes Registry
PO Box 1NN
Newcastle upon Tyne
NE99 1NN

The Pensions Regulator

The statutory body that regulates occupational pension schemes is the Pensions Regulator and can be contacted at:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

Telephone: 0345 600 1011
Email: customersupport@tpr.gov.uk
Website: www.thepensionsregulator.gov.uk

Pension Protection Fund

The Pension Protection Fund was introduced to protect members' interest in certain circumstances, i.e. to provide compensation where an employer has become insolvent or the Scheme assets have been reduced due to fraud, theft, or misappropriation. It does not cover losses resulting from adverse investment returns.

The Pension Protection Fund is funded by a retrospective levy on all occupational pension Schemes.

Further Information

The Trust Deed and Rules, the Scheme Booklet, and a copy of the Schedule of Contributions and Statement of Investment Principles are available for inspection by contacting the Trustees at the address shown for enquiries in this report.

Any information relating to the member's own pension position, including estimates of transfer values, should be requested from the Administrator of the Scheme, Premier Pensions Management Ltd, at the address detailed on page 1 of this report.

Compliance Matters (continued)

The Money and Pensions Service

For any general enquiries on their pensions, members can contact the Money and Pensions Service. A local advisor can usually be contacted through a Citizen's Advice Bureau. Alternatively, the Service can be contacted at:

The Money and Pensions Service
120 Holborn
London
EC1N 2TD
Telephone: 0115 965 9570
Email: contact@maps.org.uk
Website: www.maps.org.uk

Pensions Ombudsman

Any concerns in respect of the Scheme should be referred to the Scheme Secretary at LazardPension@Barnett-Waddingham.co.uk or the Administrator, Premier Pensions Management Ltd, who will try to resolve the problem as quickly as possible. Members and beneficiaries of pension Schemes, who have problems concerning their Scheme and are not satisfied by the information or explanation given by the administrators or the trustees, can consult The Pensions Ombudsman. The address is:

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PU
Telephone: 0800 917 4487
Email: helpline@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

Data Protection

The Trustees is registered as a Data Controller within the meaning of GDPR guidelines (formerly under the Data Protection Act 1998 ("the Act")) to hold such information as is necessary for the management of the Scheme. Premier Pensions Management Ltd (Scheme Administrator) is registered as a Data Processor under GDPR guidelines (formerly under the Act).

Enquiries

All enquiries about the Scheme generally, or about an individual's entitlement to benefits should be addressed to Premier Pensions Management Ltd, AMP House, Dingwall Road, Croydon, CR0 2LX or the Scheme Secretary at LazardPension@Barnett-Waddingham.co.uk

Statement of Trustees' Responsibilities

Trustees' Responsibilities in Respect of the Financial Statements

The financial statements, which are prepared in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), are the responsibility of the Trustees. Pension Scheme regulations require, and the Trustees are responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, and
- contain the information specified in Regulation 3 and 3A of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension Schemes.

In discharging the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustees are also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustees are responsible under pensions legislation for preparing, maintaining and from time to time revising a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer of the Scheme and the dates on or before which such contributions are to be paid. The Trustees are also responsible for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustees are responsible for the maintenance and integrity of the financial information of the Scheme included on the Scheme's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Lazard London Directors' Pension Scheme by:

_____________________________ Date: 9/7/2021

Trustee

_____________________________ Date: 9/7/2021

Trustee

Independent Auditor's Report to the Trustees of the Lazard London Directors' Pension Scheme

Opinion

We have audited the financial statements of the Lazard London Directors' Pension Scheme (the 'Scheme') for the year ended 31 December 2020, which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2020, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulations 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.

In our evaluation of the Trustees' conclusions, we considered the inherent risks associated with the scheme including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the Trustees and the related disclosures and analysed how those risks might affect the Scheme's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are approved by the Trustees.

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Trustees with respect to going concern are described in the 'Responsibilities of trustees for the financial statements' section of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of trustees for the financial statements

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to wind up the Scheme, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

We obtained an understanding of the legal and regulatory frameworks that are applicable to the scheme and determined that the most significant are the Pensions Acts 1995 and 2004 and those that relate to the reporting frameworks (Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice "Financial Reports of Pension Schemes" 2018 ("the SORP").

In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations such as, the Pensions Regulator's Codes of Practice and relevant compliance regulations (including the Annual Pensions Bill and tax legislation) under which the scheme operates.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management, the Trustees and from inspection of Trustees board minutes and legal and regulatory correspondence. We discussed the policies and procedures regarding compliance with laws and regulations with the Trustees.

We assessed the susceptibility of the scheme's financial statements to material misstatement due to irregularities including how fraud might occur. We evaluated management's incentives and opportunities for manipulation of the financial statements and determined that the principal risks were in relation to the risk of management override of controls through posting inappropriate journal entries to manipulate results for the year.

Our audit procedures involved journal entry testing, with a focus on large manual journals to unusual account codes, including:

- manual journals with unusual account combinations such as those between the Fund Account and the Statement of Net Assets and
- journals posted to suspense accounts

In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

All team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of schemes of a similar size and complexity, appropriate to their role within the team. The engagement team are required to complete mandatory pensions sector training on an annual basis, thus ensuring they have sufficient knowledge and of the sector the underlying applicable legislation and related guidance.

Use of our report

This report is made solely to the Trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
LONDON
Date: 9 July 2021

LAZARD LONDON DIRECTORS' PENSION SCHEME

FUND ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £'000s	*2019* *£'000s*
Contributions and benefits			
Employer contributions	4	256	*214*
Other income	5	5	*5*
		261	*219*
Benefits			
Benefits payable	6	(6,417)	*(6,054)*
Payments to and on account of leavers	7	(3,061)	*-*
Administrative expenses	8	(238)	*(181)*
		(9,716)	*(6,235)*
Net withdrawals from dealings with members		(9,455)	*(6,016)*
Returns on investments			
Investment management expenses	9	(277)	*(236)*
Investment income	10	1,022	*1,336*
Change in market value of investments	11	21,698	*19,460*
Net returns on investments		22,443	*20,560*
Net increase in the fund during the year		12,988	*14,544*
Net assets at 1 January		181,923	*167,379*
Net assets at 31 December		194,911	*181,923*

The notes on pages 21 to 32 form part of these financial statements.

LAZARD LONDON DIRECTORS' PENSION SCHEME

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £'000s	*2019 £'000s*
Investment assets			
Pooled investment vehicles	**12**	**164,897**	*155,110*
Bonds	**11**	**7,162**	*6,841*
Equity	**11**	**6,290**	*6,573*
Insurance policies	**11**	**5,049**	*5,126*
AVC investments	**11**	**4,774**	*5,092*
Cash deposits	**11**	**1,415**	*751*
Other investment balances*	**11**	**55**	*475*
Derivatives	**11**	**137**	*52*
Total net investments		**189,779**	*180,020*
Current assets	**20**	**5,191**	*2,412*
Current liabilities	**21**	**(59)**	*(509)*
Net assets at 31 December		**194,911**	*181,923*

*Other investments balances is made up of accrued income and cash in transit.

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits, which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities on pages 7 and 8 and the Actuarial Certificate on page 33 of the annual report and these financial statements should be read in conjunction with them.

The notes on pages 21 to 32 form part of these Financial Statements.

The Financial Statements were approved on behalf of the Trustees by:

______________________________ Date: 9/7/2021

Trustee

______________________________ Date: 9/7/2021

Trustee

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) the Financial Reporting Standard applicable in the UK and Republic of Ireland, issued by the Financial Reporting Council, and with the guidelines set out in the Statement of Recommended Practice Financial Reports of Pension Schemes (revised 2018) (the "SORP").

2. IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Scheme is registered as a trust under English law. The address for enquiries is included in the Trustees' Report.

3. ACCOUNTING POLICIES

The following principal accounting policies have been adopted in the preparation of the financial statements and have been applied consistently:

3.1 Contributions and Benefits

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions or on receipt if earlier.

Employer expenses contributions are accounted for as and when they fall due for payment.

Benefits, and any associated taxation due to lifetime or annual allowances where the member has elected for the Scheme to settle the liability on their behalf, are accounted for in the period in which the member notifies the Trustees of their decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retirement or leaving.

Pensions in payment are accounted for in the period to which they relate.

Individual transfers out of the Scheme are accounted for when member liability is discharged, which is normally when the transfer amount is paid.

3.2 Investment and other Income

Income from cash and short term deposits is accounted for on an accruals basis.

Dividends from equities are accounted for on the ex-div date.

Income from insurance policies and cash deposits is accounted for on an accruals basis.

Income from bonds is accounted for on an accruals basis and includes interest bought and sold on investment purchases and sales.

Income from Pooled investment vehicles is accounted for when declared by the fund manager.

Receipts from Insurance policies are accounted for as investment income on an accruals basis to match the timing of the related benefits payable.

Investment income includes withholding taxes. Withholding tax is accrued on the same basis as investment income. Where withholding tax is not recoverable, this is shown as a separate expense within investment returns in the Fund Account.

Interest on bank deposits is accounted for as it accrues.

3. ACCOUNTING POLICIES (CONTINUED)

3.3 Valuation of Investments

The investments are included at fair value.

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Quoted securities in active markets are usually valued at the current bid prices at the reporting date.

Accrued interest is excluded from the market value of fixed income securities and is included within other investment balances.

Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.

Over the counter (OTC) derivatives are valued using the following valuation techniques:

Forward foreign exchange (Forward FX) – the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

Insurance policies have been valued by the Scheme Actuary at the amount of the related obligation, determined using the most recent Scheme Funding valuation assumptions updated for market conditions at the reporting date.

3.4 Transfers

Transfer values have been included in the financial statements when paid. They do not take account of members who have notified the Scheme of their intention to transfer.

Individual transfer values to other pension arrangements represent the amounts paid during the year for members who left the Scheme and are accounted for when a member exercises their option to transfer their benefits.

3.5 Administrative and Investment Management Expenses

Except as noted in Notes 8 and 9, Administrative expenses are met by the Employer and investment management expenses are met by the Scheme and accounted for on an accruals basis.

3.6 Currency

The Scheme's functional and presentation currency is Sterling. Monetary items denominated in foreign currency are translated into Sterling using the closing exchange rates at the Scheme year end. Foreign currency transactions are recorded in Sterling at the spot exchange rate at the date of the transaction.

4. EMPLOYER CONTRIBUTIONS

	2020	2019
	£'000s	£'000s
Expenses	256	214

The latest Schedule of Contributions was signed on 30 March 2021 In accordance with the recovery plan dated 30 March 2021, annual deficit contributions of £1,100,000 are payable from 31 March 2021 to 31 March 2030.

Expenses contributions relate to employer reimbursements of the expenses of administration, professional fees and levies up to an agreed maximum.

5. OTHER INCOME

	2020	2019
	£'000s	£'000s
Bank Interest	5	5

6. BENEFITS PAYABLE

	2020	2019
	£'000s	£'000s
Pensions	5,805	5,633
Commutations and lump sum retirement benefits	612	421
	6,417	6,054

7. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2020	2019
	£'000s	£'000s
Individual transfers to other schemes	3,061	-

8. ADMINISTRATIVE EXPENSES

	2020	*2019*
	£'000s	*£'000s*
Actuarial fees*	**106**	*36*
Trustees Services	**50**	*49*
Audit fee*	**27**	*26*
Covenant review*	**20**	*-*
Administration and processing*	**19**	*48*
Legal fees*	**12**	*19*
Pension Protection Fund* & Pensions Regulator levies	**3**	*3*
Bank charges	**1**	*-*
	238	*181*

*reimbursed by the company, up to a ceiling as agreed in the Schedule of Contributions, (note 4)

9. INVESTMENT MANAGEMENT EXPENSES

	2020	*2019*
	£'000s	*£'000s*
Administration, management and custody	**351**	*307*
Investment manager fee rebates	**(74)**	*(71)*
	277	*236*

Administration, management and custody fees include investment consultancy fees paid to LCP.

10. INVESTMENT INCOME

	2020	*2019*
	£'000s	*£'000s*
Insurance Policies	**475**	*507*
Other income from pooled investment vehicles	**223**	*94*
Income from private credit	**101**	*446*
Dividends from equities	**89**	*167*
Income from bonds	**89**	*75*
Dividends from AVC Investments	**39**	*46*
Other income	**6**	*-*
Interest on cash deposits and other	**-**	*1*
	1,022	*1,336*

11. INVESTMENT RECONCILIATION

The following table sets out the movements in values during the year:

	Value at 1 January 2020 £'000s	Cost of investments purchased & derivative £'000s	Proceeds of sales & derivative of investments £'000s	Change in market value £'000s	Value at 31 December 2020 £'000s
Pooled investment vehicles	155,110	36,273	(47,553)	21,067	**164,897**
Equities	6,573	3,319	(3,574)	(28)	**6,290**
Bonds	6,841	5,089	(5,363)	595	**7,162**
Derivatives	52	348	(277)	14	**137**
Insurance policies	5,126	-	-	(77)	**5,049**
AVC investments	5,092	1,409	(1,854)	127	**4,774**
	178,794	46,438	(58,621)	21,698	**188,309**
Cash deposits	751				**1,415**
Other investments	475				**55**
	180,020				**189,779**

The value shown in the above table for derivatives represents the net value. The split between derivative assets and derivative liabilities is shown in Note 16 on page 27 of this report.

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

12. POOLED INVESTMENT VEHICLES

The holdings of the Scheme's Pooled Investment Vehicles are analysed below:

	2020	*2019*
	£'000s	*£'000s*
Bonds	**75,326**	*59,342*
Equities	**53,443**	*49,197*
Hedge funds	**22,611**	*35,157*
Cash	**6,901**	*2,759*
Precious Metals	**1,258**	*1,236*
Private Credit	**5,358**	*7,419*
	164,897	*155,110*

13. AVC INVESTMENT

The Trustees hold assets invested separately from the Scheme's main investments to secure additional benefits on a money purchase basis for members who had elected to pay AVCs. Members participating in this arrangement each receive an annual statement made up to 31 December confirming the amounts held in their AVC account and movements during the year. The aggregate amounts of AVC investments at 31 December were as follows:

	2020	*2019*
	£'000s	*£'000s*
Cazenove Capital Management	**4,774**	*5,092*

14. INSURANCE POLICIES

The Scheme held insurance policies at the 31 December as follows:

	2020	*2019*
	£'000s	*£'000s*
Prudential	**2,850**	*2,922*
Canada Life	**1,151**	*1,145*
Reassure	**732**	*741*
Standard Life	**277**	*279*
Pearl	**39**	*39*
	5,049	*5,126*

15. TRANSACTION COSTS

Transaction costs are included in the cost of purchases and sale proceeds. Direct transaction costs include costs charged to the Scheme such as fees, commissions and stamp duty.

Transaction costs analysed by main class and type of cost are as follows:

	Commission	**Stamp Duty**	***2020***
	£'000s	**£'000s**	***£'000s***
Equities	**8**	**6**	***14***

	Commission	*Stamp Duty*	*2019*
	£'000s	*£'000s*	*£'000s*
Equities	*5*	*11*	*16*

In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments in pooled investment vehicles and charges made within those vehicles.

16. DERIVATIVES OBJECTIVES AND POLICIES

The Trustees have authorised the use of derivatives by their investment managers as part of their investment strategy for the Scheme as follows:

Forward FX – In Order to maintain appropriate diversification of investment within the portfolio and take advantage of overseas. Investment returns, a proportion of the underlying investment portfolio is invested overseas. To Balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in GBP, a currency hedging programme, using forward FX contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

At the year end the Scheme held the following derivative positions:

Contract	**Settlement Expire**	**Currency Bought**	**Value of Currency Bought £'000s**	**Currency Sold**	**Value of Currency sold £'000s**	**Aggregate asset**	**Aggregate liability**
Forward OTCs	2-3 months	EUR	630	GBP	637	**7**	**-**
Forward OTCs	2-3 months	YEN	774	GBP	789	**15**	**-**
Forward OTCs	2-3 months	USD	4,306	GBP	4,421	**115**	**-**
Total 2020						**137**	**-**
Total 2019						*52*	*-*

The use of foreign exchange contracts have been put in place by certain investment managers to reduce the currency exposure.

17. INVESTMENT FAIR VALUE HIERARCHY

The fair value of the Scheme's investments has been determined using the following fair value hierarchy:

Level 1	The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date
Level 2	Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly
Level 3	Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability

The Scheme's investment assets have been fair valued using the above hierarchy categories as follows:

				AT 31 DECEMBER 2020
	Level 1	**Level 2**	**Level 3**	**Total**
	£'000s	**£'000s**	**£'000s**	**£'000s**
Equities	6,290	-	-	6,290
Bonds	7,162	-	-	7,162
Pooled investments vehicles	-	157,122	7,775	164,897
Derivatives	-	137	-	137
Insurance Policies	-	-	5,049	5,049
AVC investments	-	4,774	-	4,774
Cash	1,415	-	-	1,415
Other investment balances	55	-	-	55
TOTAL	**14,922**	**162,033**	**12,824**	**189,779**

				AT 31 DECEMBER 2019
	Level 1	**Level 2**	**Level 3**	**Total**
	£'000s	**£'000s**	**£'000s**	**£'000s**
Equities	6,573	-	-	6,573
Bonds	6,841	-	-	6,841
Pooled investments vehicles	-	147,691	7,419	155,110
Derivatives	-	52	-	52
Insurance Policies	-	-	5,126	5,126
AVC investments	-	5,092	-	5,092
Cash	751	-	-	751
Other investment balances	475	-	-	475
TOTAL	**14,640**	**152,835**	**12,545**	**180,020**

18. INVESTMENT RISKS

FRS 102 requires the disclosure of information in relation to certain investment risks. FRS 102 sets out these risks as follows:

- **Credit risk** is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- **Market risk** comprises currency risk, interest rate risk and other price risk, defined as follows:
- **Currency risk** is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk** is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk** is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustees determine the investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to the aforementioned risks via the investments held to implement the investment strategy and associated risks, and each investment manager against its objectives and restrictions, on a regular basis.

The table below summarises the Scheme's investments that have significant exposure to indirect credit and market risks.

Fund	Credit risk	Currency risk	Interest rate risk	Other price risk	2020 (%)	2019 (%)
Ruffer absolute return portfolio	●	●	●	●	12.4	11.3
Lazard defensive equities	○	●	○	●	11.7	14.7
Baillie Gifford global equities	○	●	○	●	16.5	13.3
Longbow private credit	●	○	○	○	3.0	4.4
Insight LDI funds	●	○	●	○	22.3	17.1
Insight High Grade ABS	●	○	○	●	13.0	18.1
Insight Liquidity	○	○	○	○	1.9	0.5
Insight secured finance	●	○	○	●	6.8	7.4
Aegon ABS	●	○	○	●	12.4	13.2
Total					**100.0**	**100.0**

Key: The risk noted affects the fund significantly (●) or hardly/ not at all (○).

18. INVESTMENT RISKS (CONTINUED)

Further information on these risks and the approach of the Trustees to risk management is set out below. This does not include the legacy insurance policies nor AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

Investment Strategy

The investment objective set out by the Trustees is to achieve the best overall investment return in moving towards the 2030 target set out in the Funding Deed, with a level of risk that is commensurate with this objective, having regard to the agreed level of Employer contributions and the covenant of the Employers

The Trustees set the investment strategy for the Scheme after taking advice from the Scheme's Investment Adviser and consulting with the Employer. The investment strategy is set out in its Statement of Investment Principles (SIP). Day to day investment management has been delegated to the six investment managers with whom the Trustees have put into place investment mandates to implement the strategy.

The current strategy is to hold assets per below. The Trustees will review the Scheme's asset allocation from time to time, to ensure that the split between growth and defensive assets remains within 5% of the target allocations.

a) 57.5% in "defensive" investments. These are investments that either move in line with long term liabilities of the Scheme or which the Trustees consider less risky investments. The underlying investments include corporate and government bonds, interest rate and inflation swaps and other derivatives.

b) 42.5% in return seeking investments comprising global equities, a multi-asset mandate whereby the investment manager has discretion to invest in a wide range of asset classes and a private credit mandate.

i) **Credit Risk**

The Scheme invests in pooled investment vehicles and consequently is subject to credit risk in relation to the solvency of the investment manager and custodian of those funds. In addition, where the Scheme holds assets via a segregated portfolio with Ruffer, the Scheme is directly exposed to credit risk in relation to the custodian.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers and custodians operate and diversification of investments amongst a number of pooled funds and segregated portfolios. The Trustees carry out due diligence checks prior to the appointment of any new investment manager investment in any fund and monitor for changes to the operating environment of the existing pooled funds and custodian of the segregated assets.

The Scheme is indirectly exposed to credit risks arising from the underlying investments held by the pooled funds, where they invest in bonds, derivatives or cash. This is relevant for the Scheme's investment in Longbow private credit, Insight High Grade ABS, Insight secured finance and Aegon secured finance. The Scheme is directly exposed to credit risks arising from the underlying investments held by the segregated portfolio with Ruffer. The amount invested in each of these mandates is shown in the Statement of Net Assets.

18. INVESTMENT RISKS (CONTINUED

i) Credit Risk(Continued)

The managers of these funds manage credit risk by having a diversified exposure to bond and loan issuers, conducting thorough research on the probability of default of those issuers. The magnitude of credit risk within each fund will vary over time, as the manager changes the underlying investments in line with its views on markets and specific issuers. Although a large proportion of defensive assets are held with Insight, the Trustees are comfortable that there is sufficient diversification of approach within these assets, which are spread across different funds. The private credit fund invests predominantly in UK commercial real estate debt originated by ICG-Longbow. The manager manages credit risk by conducting thorough due diligence on the borrower and underlying property security seeking to ensure high levels of diversification at tenant and property level across the investment portfolio. The manager actively monitors risk migration at loan and portfolio levels through the term of each investment.

Within the LDI portfolio, there is exposure to credit risk as the LDI portfolio manager uses derivative instruments to match the Scheme's liabilities. The terms under which the LDI portfolio is managed include provisions to manage the exposure to credit risk, such as limits on the exposure to any single counterparty and minimum credit ratings that all counterparties must meet. In addition, the derivative positions are collateralised daily to aim to limit credit risk to one day's market movements. Cash is held within financial institutions which are at least investment grade credit rated.

ii) Currency Risk

As the Scheme's liabilities are denominated in Sterling, any non-Sterling currency exposure within the assets presents additional currency risk.

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets, either as segregated investments or via pooled investment vehicles. In some cases, the Trustees have delegated the decision on whether or not to hedge any currency risk to their investment managers, some of which maintain a fully hedged position. Even where currency hedging arrangements are in place, there will still be residual currency risks, as these hedging arrangements may not be perfectly aligned to the assets.

The Scheme's assets that invest in non-Sterling instruments that are not currency hedged (and so are significantly exposed to currency risk) are the international equity and absolute return funds. The amount invested in each of these mandates is shown in the Statement of Net Assets.

iii) Interest Rate Risk

The Scheme is subject to interest rate risk because some of the Scheme's investments are held in bonds and interest rate swaps, both directly as segregated investments with Ruffer and indirectly through pooled investments with Insight. The amount invested in each of these mandates is shown in the Statement of Net Assets.

However, the interest rate exposure of these assets is structured to hedge a portion of the corresponding risks associated with the Fund's liabilities, measured on a gilts basis (the Trustees have in place a process to move to this target hedge level over time). The net effect is to reduce the volatility of the funding level, and so the Trustees believe that it is appropriate to take exposure to these risks in this manner..

iv) Other Price Risk

The Scheme's assets are exposed to risks of market prices other than currencies and interest rates, such as the equity pooled fund holdings being subject to movements in equity prices. The Trustees believe that the Scheme's assets are adequately diversifies between different asset classes and within each asset class to manage this risk.

19. CONCENTRATION OF INVESTMENTS

The following investments account for more than 5% of the Scheme's net assets as at 31 December:

	2020		*2019*	
	£'000s	**%**	*£'000s*	*%*
Baillie Gifford Global Alpha Growth Fund	**29,526**	**15.26**	*22,319*	*12.35*
Insight LDI Enhanced Selection Longer Nominal Fund	**23,314**	**12.05**	*14,461*	*8.00*
Insight High Grade ABS Fund	**23,250**	**12.02**	*30,518*	*16.89*
Aegon European ABS Fund	**22,211**	**11.48**	*22,176*	*12.27*
Lazard Global Managed Volatility Fund	**20,997**	**10.85**	*24,683*	*13.66*
Insight LDI Enhanced Selection Shorter Real Fund	**14,879**	**7.69**	*-*	*-*
Insight LDI Solutions Plus Secured Finance IIS GBP	**12,096**	**6.25**	*12,503*	*6.92*

20. CURRENT ASSETS

	2020	*2019*
	£'000s	*£'000s*
Cash held with the Scheme Administrator	**4,860**	*2,104*
Pensions Paid in Advance	**331**	*307*
Monies due back to the Scheme	**-**	*1*
	5,191	*2,412*

21. CURRENT LIABILITIES

	2020	*2019*
	£'000s	*£'000s*
Administrative and investment management expenses	**57**	*86*
Benefits payable	**-**	*421*
PAYE due to HMRC	**2**	*2*
	59	*509*

22. RELATED PARTY TRANSACTIONS

There was no direct investment in any Lazard company, including the Employer participating in the Scheme, at any time during the year or at year end.

Investments under management by Lazard Asset Management Limited represented 10.9% of the net assets of the Scheme as at 31 December 2020 (2019:13.7%).

During the year, fee rebates have been received from the associates of Lazard & Co, Services Limited as disclosed in note 9 amounting to £55,478 (2019:£61,400).

Three (2019: Three) of the Trustees of the Scheme are pensioner members receiving benefits from the Scheme.

Trustees fees of £50,000 (2019: £49,000) were paid by the Scheme. Of these fees, £9,000 (2019: £10,600) are also included in current liabilities.

23. TAXATION

The Scheme is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income and capital gains tax.

LAZARD LONDON DIRECTORS' PENSION SCHEME

ACTUARIAL CERTIFICATE

Certificate of Schedule of Contributions

Adequacy of Rates of Contributions
I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objectives can be expected to be met by the end of the period specified in the recovery plan dated 30 March 2021.

Adherence to Statement of Funding Principles
I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 30 March 2021.

The certification of the adequacy of rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Signature	*Jeremy Dell*
Name	Jeremy Dell
Date of signing	30 March 2021
Address	Lane Clark & Peacock LLP 95 Wigmore Street London W1U 1DO
Qualification	Fellow of the Institute and Faculty of Actuaries

Notes not forming part of the certification
In giving the above opinion I have interpreted the phrase can be expected to be met as being satisfied by consideration of the proposed contributions under the economic and demographic scenario implied by the Trustees' funding assumptions as set out in their statement of funding principles dated 30 March 2021 and their Recovery Plan dated 30 March 2021 and without any further allowance for adverse contingencies. My opinion does not necessarily hold in any other scenarios.

Independent Auditor's Statement about contributions to the Trustees of the Lazard London Directors' Pension Scheme.

We have examined the summary of contributions to the Lazard London Directors' Pension Scheme (the 'Scheme') for the Scheme year ended 31 December 2020 which is set out on page 35.

In our opinion, contributions for the Scheme year ended 31 December 2020 as reported in the summary of contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Scheme actuary on 21 December 2017.

Scope of Work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have in all material respects been paid at least in accordance with the schedule of contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

Respective Responsibilities of Trustees and the Auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the Trustees are responsible for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a Statement about Contributions paid under the Schedule of Contributions and to report our opinion to you.

Use of our Report

This statement is made solely to the Trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees as a body, for our work, for this statement, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

Date: 9/7/2021

LAZARD LONDON DIRECTORS' PENSION SCHEME

SUMMARY OF CONTRIBUTIONS PAYABLE
FOR THE YEAR ENDED 31 DECEMBER 2020

Summary of Contributions Payable under the Schedule for the Year Ended 31 December 2020

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustees.

It sets out the Employer contributions payable to the Scheme under the Schedule of Contributions certified by the Scheme Actuary on 21 December 2017 in respect of the Scheme year ended 31 December 2020. The Scheme Auditor reports on contributions payable under the Schedule in the Auditor's Statement about Contributions.

During the year ended 31 December 2020, the following contributions were payable to the Scheme under the Schedule of Contributions:

	2020
	£'000s
Employer	
Expenses	**256**
Contributions payable under the Schedule (as reported on by the Scheme Auditor and reported in the Financial Statements)	**256**

Signed on behalf of the Trustees:

DJVA

______________________________ Date: 9/7/2021

Trustee

______________________________ Date: 9/7/2021

Trustee

premier

Implementation Statement, covering the Lazard London Directors' Pension Scheme Year from 1 January 2020 to 31 December 2020

The Trustees of the Lazard London Directors' Pension Scheme (the "Scheme") are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed the voting and engagement policies in their Statement of Investment Principles ("SIP") during the Scheme Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Scheme 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.

1. Introduction

No changes were made to the voting and engagement policies in the SIP during the Scheme Year. The last time these policies were formally reviewed was in September 2019.

The Trustees have, in their opinion, followed the Scheme's voting and engagement policies during the Scheme Year, by continuing to delegate to their 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 Trustees took a number of steps to review the Scheme'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 Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

In February 2020, the Trustees reviewed LCP's responsible investment (RI) scores for the Scheme'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 approach to ESG factors, voting and engagement. 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 2020.

The Trustees were satisfied with the results of the review and no further action was taken. The Trustees agreed that as part of the annual investment manager monitoring day scheduled for June 2020, the managers would be asked to focus on ESG to allow the Trustees to gain a better understanding of their approach to ESG. At this meeting, the Trustees asked several questions about the managers' voting and engagement practices and were satisfied with the answers they received.

3. Description of voting behaviour during the Scheme Year

The Trustees have delegated to their investment managers the exercise of voting rights. Therefore the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the Scheme Year.

In this section we have sought to include voting data on the Scheme's funds that hold equities as follows:

- Baillie Gifford Global Alpha Fund;
- Lazard Asset Management Global Managed Volatility Fund; and
- Ruffer segregated absolute return portfolio.

In addition to the above, the Trustees contacted the Scheme's other asset managers that do not hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the period. None of the other pooled funds that the Scheme invested in over the Scheme Year held any assets with voting opportunities.

3.1 Description of the voting processes

3.1.1 Baillie Gifford

In response to the Trustees' questions, Baillie Gifford provided the following wording to describe its voting practices.

What is your policy on consulting with clients before voting?

All voting decisions are made by our Governance & Sustainability team in conjunction with investment managers. We do not regularly engage with clients prior to submitting votes, however if a segregated client has a specific view on a vote then we will engage with them on this. If a vote is particularly contentious, we may reach out to clients prior to voting to advise them of this or request them to recall any stock on loan.

Please provide an overview of your process for deciding how to vote.

Thoughtful voting of our clients' holdings is an integral part of our commitment to stewardship. We believe that voting should be investment led, because how we vote is an important part of the long-term investment process, which is why our strong preference is to be given this responsibility by our clients. The ability to vote our clients' shares also strengthens our position when engaging with investee companies. Our Governance and Sustainability team oversees our voting analysis and execution in conjunction with our investment managers. Unlike many of our peers, we do not outsource any part of the responsibility for voting to third-party suppliers. We utilise research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with our Governance & Sustainability Principles and Guidelines and we endeavour to vote every one of our clients' holdings in all markets.

How, if at all, have you made use of proxy voting services over the year to 31 December 2020?

Whilst we are cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), we do not delegate or outsource any of our stewardship activities or follow or rely upon their recommendations when deciding how to vote on our clients' shares. All client voting decisions are made in-house. We vote in line with our in-house policy and not with the proxy voting providers' policies. We also have specialist proxy advisors in the Chinese and Indian markets to provide us with more nuanced market specific information.

What process did you follow for determining the "most significant" votes?

The list below is not exhaustive, but exemplifies potentially significant voting situations:

- *Baillie Gifford's holding had a material impact on the outcome of the meeting*
- *The resolution received 20% or more opposition and Baillie Gifford opposed*
- *Egregious remuneration*
- *Controversial equity issuance*
- *Shareholder resolutions that Baillie Gifford supported and received 20% or more support from shareholders*
- *Where there has been a significant audit failing*
- *Where we have opposed mergers and acquisitions*
- *Where we have opposed the financial statements/annual report*
- *Where we have opposed the election of directors and executives*

3.1.2 LAM

In response to the Trustees' questions, LAM provided the following wording to describe its voting practices.

What is your policy on consulting with clients before voting?

As active managers, we are committed to fully exercising our role as stewards of capital. Where clients delegate the responsibility to vote proxies, Lazard, as a fiduciary, is obligated to vote proxies based on what we believe will maximize shareholder value as a long-term investor.

Please provide an overview of your process for deciding how to vote.

Our policy is to vote proxies on a given issue in the same manner for all clients. With full proxy authority, Lazard attempts to vote on 100% of the portfolio on a best-effort basis. This is subject to market restrictions due to share-blocking, custodial support, and the availability of timely research on agenda items. Lazard has approved specific proxy voting guidelines regarding various common proxy proposals. These guidelines set out whether Lazard professionals should vote for or against a specific agenda item in every instance or whether an issue should be or considered on a case-by-case basis.

If an investment professional seeks to vote in a manner that contradicts the guidelines, which is rare, Lazard's Proxy Committee must approve the vote. The investment professional must provide the committee with a detailed rationale for their recommendation, and the Proxy Committee will then determine whether or not to accept and apply that vote recommendation to the specific meeting's agenda. Case-by-case agenda items are evaluated by Lazard's investment professionals based on their research of the company and evaluation of the specific proposal. Our approach is based on the view that Lazard, in its role as investment manager, must vote proxies based on what it believes:

- *will maximize sustainable shareholder value as a long-term investor and;*
- *is in the best interest of its clients.*

How, if at all, have you made use of proxy voting services over the year to 31 December 2020?

Lazard currently subscribes to advisory and other proxy voting services provided by Institutional Shareholder Services Inc. ("ISS") and Glass, Lewis & Co. ("Glass Lewis"). These proxy advisory services provide independent analysis and recommendations regarding various companies' proxy proposals. While this research serves to help improve our understanding of the issues surrounding a company's proxy proposals, Lazard's Portfolio Manager/Analysts and Research Analysts (collectively, "Portfolio Management") are responsible for providing the vote recommendation for a given proposal except when the Conflicts of Interest policy applies.

ISS provides additional proxy-related administrative services to Lazard. ISS receives on Lazard's behalf all proxy information sent by custodians that hold securities on behalf of Lazard's clients and sponsored funds. ISS posts all relevant information regarding the proxy on its password-protected website for Lazard to review, including meeting dates, all agendas and ISS' analysis. The Proxy Administration Team reviews this information on a daily basis and regularly communicates with representatives of ISS to ensure that all agendas are considered and proxies are voted on a timely basis. ISS also provides Lazard with vote execution, recordkeeping and reporting support services. Members of the Proxy Committee, along with members of the Legal & Compliance Team, conducts periodic due diligence of ISS and Glass Lewis consisting of an annual questionnaire and, as appropriate, on site visits.

What process did you follow for determining the "most significant" votes?

In this instance, we have considered votes against management to constitute most significant votes. Our voting approach is based on our global governance principles which lays out our expectations of company management. They are founded on the belief that long-term shareholder value is enhanced through a more comprehensive assessment of stakeholder management. This includes governance issues such as remuneration policies, independence of appointed board members, human capital issues including employees, suppliers, their customers, and the community, as well as natural capital issues, including its dependency and use of natural resources and its approach to manage climate change risk. We believe that we must vote in a manner that (i) will maximize sustainable shareholder value as a long-term investor; (ii) is in the best interest of its clients; and (iii) the votes that it casts are intended in good faith to accomplish those objectives.

3.1.3 Ruffer

In response to the Trustees' questions, Ruffer provided the following wording to describe its voting practices.

What is your policy on consulting with clients before voting?

Ruffer, as a discretionary investment manager, does not have a formal policy on consulting with clients before voting. However, we can accommodate client voting instructions for specific areas of concerns or companies where feasible.

Please provide an overview of your process for deciding how to vote.

Framework

At Ruffer, we endorse the Financial Reporting Council's definition of stewardship in its revision of the Stewardship Code as '...the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.' We act as stewards of our clients' assets and so we use our judgement to determine when to engage and how to vote at shareholder meetings to best protect the interests of our clients while being cognisant of the impact on all stakeholders.

We take the opportunity to vote seriously, as it enables us to encourage boards and management teams to consider and address areas that we are concerned about. We review local best practices and corporate governance codes when voting clients' shares, and actively consider companies' explanations for not complying with best practice to ensure that we vote in the best interests of our clients.

Policy

It is Ruffer's policy to vote on Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) resolutions, including shareholder resolutions, as well as corporate actions. We endeavour to vote on the vast majority of our holdings but we retain discretion to not vote when it is in our clients' best interests (for example in markets where share blocking applies). We vote on our total shareholding of the companies held within our flagship funds: LF Ruffer Absolute Return Fund (RARF), LF Ruffer Total Return Fund (RTRF), Ruffer Total Return International (RTRI), Ruffer Investment Company (RIC) and Charity Assets Trust (CAT). Voting on companies not held within these funds is subject to materiality considerations. Ruffer applies this policy to both domestic and international shares, reflecting the global nature of our investment approach.

To apply this policy, we work with various industry standards, organisations and initiatives and actively participate in debates within the industry, promoting the principles of active ownership and responsible investment. For example, we are signatories to the Principles for Responsible Investment (PRI), participate in several working groups at the Investment Association and, through our commitment to Climate Action 100+, have co-filed resolutions where we felt this was the most appropriate course of action.

How, if at all, have you made use of proxy voting services over the year to 31 December 2020?

Ruffer's proxy voting advisor is Institutional Shareholder Services (ISS).

We have developed our own internal voting guidelines, however we take into account issues raised by ISS, to assist in the assessment of resolutions and the identification of contentious issues. Although we are cognisant of proxy advisers' voting recommendations, we do not delegate or outsource our stewardship activities when deciding how to vote on our clients' shares.

Each research analyst, supported by our responsible investment team, reviews the relevant issues on a case-by-case basis and exercises 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.

What process did you follow for determining the "most significant" votes?

We have defined 'significant votes' as those that we think will be of particular interest to our clients. In most cases, these are when they form part of continuing engagement with the company and/or we have 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 our internal voting guidelines.

3.2 Summary of voting behaviour over the Scheme Year

A summary of voting behaviour over the period is provided in the table below.

Manager name	Baillie Gifford	LAM	Ruffer
Fund name	Global Alpha Fund	Global Managed Volatility Fund	Segregated absolute return portfolio
Total size of fund at end of reporting period	£4,583.0m	£101.0m	£22.0m
Value of Scheme assets at end of reporting period (% of total assets)	£29.5m (16.5%)	£21.0m (11.7%)	£22.0m (12.3%)
Number of equity holdings at end of reporting period	101	210	40
Number of meetings eligible to vote	111	199	33
Number of resolutions eligible to vote	1,240	2,635	516
% of resolutions voted	94.76%	94.27%	88%
Of the resolutions on which voted, % voted with management	96.94%	93.88%	88%
Of the resolutions on which voted, % voted against management	2.38%	5.52%	10%
Of the resolutions on which voted, % abstained from voting	0.68%	0.04%[1]	2%
Of the meetings in which the manager voted, % with at least one vote against management	16.67%	41.05%	40%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	N/A	1.29%	11.4%

3.3 Most significant votes over the Scheme Year

Commentary on the most significant votes over the period, from the Scheme's asset managers who hold listed equities, is set out below.

3.3.1 Baillie Gifford

CRH plc, 23 April 2020

Summary of resolutions, votes and outcomes

Baillie Gifford voted to approve a remuneration report, due to changes made to executive remuneration which incorporated its feedback and attached more stringent performance metrics to the long-term incentive plan. The vote was passed.

Baillie Gifford commentary

After consistent opposition to the company's remuneration report and policy over the years, we decided to support at the 2020 AGM due to changes made to executive remuneration which incorporated our feedback. The targets attached to the performance metrics in the long-term incentive plan are now much more stringent. In a call with the chairman and Remuneration Committee chair ahead of the AGM, we welcomed the changes and encouraged

[1] The remaining 0.56% accounts for withheld votes and say-on-pay proposals

further improvements to that of the peer group against which performance is partly measured. We agreed to carry on discussions later in the year.

Schibsted, 6 May 2020

Summary of resolutions, votes and outcomes

Baillie Gifford voted against two resolutions regarding remuneration, citing concerns about the stringency of the policy and its alignment with shareholders. The vote was passed.

Baillie Gifford commentary

This is consistent with how we have voted in previous years and reflects our concerns over the stringency of the performance conditions attached to the long-term incentive plan. We are not comfortable with the setting of threshold and target performance hurdles at the 25th and 50th percentiles relative to Schibsted's peer group. We think variable performance plans should incentivise and reward outperformance and we are concerned that the current plan rewards management for underperforming relative to peers. We have encouraged the remuneration committee to strengthen the objectives attached to management's long-term incentives to provide better alignment with shareholders.

Just Eat Takeaway.com, 14 May 2020

Summary of resolutions, votes and outcomes

Baillie Gifford voted to grant the Board authority to issue shares of up to 25% of issued capital. The vote was passed.

Baillie Gifford commentary

We usually oppose authority to issue shares without pre-emption rights at the requested amount but given the current environment, we feel it is the best interests of all stakeholders to provide the Board and Management with greater flexibility to allocate capital. We have made an exception in the current environment as we understand board/mgmt may need flexibility to deploy capital quickly and have encouraged the company to be lower than this value in the future.

Deutsche Boerse, 19 May 2020

Summary of resolutions, votes and outcomes

Baillie Gifford voted to oppose a remuneration policy. The policy was passed.

Baillie Gifford commentary

Within the policy pay can be awarded if net income results are negative and we do not feel this provides sufficient incentive for management or strong alignment with our clients. We will continue to engage with the Board on this issue. Whilst we appreciate a number of improvements have been made to the policy, we are not comfortable with the vesting threshold set for net income in the short term incentive plan. We think the need to have a safety net in the form of rewarding negative performance indicates the metric or measurement period needs to be changed. We did not feel able to support this on behalf of our clients.

Amazon.com, 27 May 2020

Summary of resolutions, votes and outcomes

Baillie Gifford voted to support a shareholder proposal to improve the transparency of Amazon's corporate lobbying policies and governance. The proposal failed.

Baillie Gifford commentary

We believe greater transparency of all political expenditures and lobbying, particularly indirect spending through trade associations, coalitions and charities, would enable shareholders to assess alignment with Amazon's values and corporate goals.

Amazon provides good disclosure of its direct political expenditures and there is board level oversight of its activities by the audit committee. However, areas for improvement relate to it indirect spending through trade associations, coalitions and charities. Whilst the company discloses the gross amounts of trade association payments, it does not break out payment by group and does not disclose the portion of these payments that are used for lobbying. Peer companies Facebook and Alphabet publish a list of trade associations where they maintain membership, while Amazon only discloses names of those associations it made payments >$10,000. Greater transparency of all political expenditures and lobbying would enable shareholder to assess alignment with Amazon's values and corporate goals.

Facebook, 27 May 2020

Summary of resolutions, votes and outcomes

Baillie Gifford voted to support a shareholder resolution relating to the introduction of a majority voting standard for directors. The proposal failed.

Baillie Gifford commentary

We believe that simple majority voting is best practice for director elections. The board is currently elected by according to a plurality voting standard. Majority voting raises the threshold for re-election and therefore greater accountability. We will continue to assess similar proposals in the future.

SMC Corporation, 26 June 2020

Summary of resolutions, votes and outcomes

Baillie Gifford abstained on a vote regarding the low dividend payment, citing its opinion that the company's capital strategy is not in the interests of shareholders. The vote was passed.

Baillie Gifford commentary

Having reviewed the capital structure of the business, we believe the company is in a position to utilise its balance sheet more effectively. In normal circumstances, when we determine the dividend to be inappropriate, we generally vote against the dividend proposal. Given the current market environment, we abstained on the dividend proposal.

Tesla Inc, 22 September 2020

Summary of resolutions, votes and outcomes

Baillie Gifford supported two shareholder proposals. One proposal concerned majority voting requirements, and this proposal was passed. The other proposal concerned employee disputes, and this proposal failed.

Baillie Gifford commentary on majority voting requirements

We supported a shareholder proposal to eliminate supermajority voting requirements from the company's bylaws and to adopt a simple majority voting standard. We think this change is in shareholders' best interests.

We supported this change at the 2019 meeting, which was put forward by the company. The resolution received >99% support, but did not pass because it failed to have 2/3 of shares outstanding voted. We have discussed this resolution as part of our recent conversation with Chair Robyn Denholm where we reiterated our support for this change. A majority of shareholders supported this resolution and therefore we hope to see change.

Baillie Gifford commentary on employee disputes

We supported a shareholder proposal requesting a report on the company's use of arbitration to resolve employee disputes. We think additional disclosure and transparency on this provision would be helpful in understanding Tesla's workplace practices.

Tesla currently does not report on its grievance mechanism for employees or provide the racial, ethnic and gender breakdown of its workforce. We believe peers provide better disclosure of this information and have started to move away from the use of mandatory arbitration. We will continue to monitor this topic in our discussions with the company.

3.3.2 LAM

Eli Lilly and Company, 9 March 2020

Summary of resolutions, votes and outcomes

LAM voted for three proposals, each one of which was opposed by Management. The proposals concerned lobbying activities, executive remuneration and the requirement to appoint an independent Board chairman. All three proposals failed.

LAM commentary on lobbying activities

A vote FOR this proposal is warranted as additional disclosure on the company's lobbying and trade association activities, including management and board-level oversight, would help shareholders better assess the risks and benefits associated with the company's participation in the public policy process.

LAM commentary on executive remuneration

A vote FOR this proposal is warranted due to the scope of the proposal, the company's current use of incentive program metrics that may be impacted by drug pricing, and the lack of comprehensive disclosure describing how risks related to public concern over drug pricing increases are taken into consideration in executive compensation programs.

LAM commentary on requiring an independent Board chairman

A vote FOR this proposal is warranted. The lead director is not appointed solely by the independent directors and there are ongoing governance concerns with respect to the inability of shareholders to amend the bylaws. In addition, the proponent raises a compelling argument that Eli Lilly would be best served by adopting an independent chair policy in light of potentially material legal and reputational risks facing the company, particularly around drug pricing, further suggesting that shareholders would benefit from the most robust form of independent oversight, in the form of an independent chair.

LAM commentary on lobbying activities

A vote FOR this proposal is warranted as additional disclosure on the company's lobbying and trade association activities, including management and board-level oversight, would help shareholders better assess the risks and benefits associated with the company's participation in the public policy process.

Verizon Communications Inc., 9 March 2020

Summary of resolutions, votes and outcomes

LAM voted for three proposals, each one of which was opposed by Management. The proposals concerned lobbying activities, executive remuneration and severance arrangements.

LAM commentary on lobbying activities

A vote FOR this resolution is warranted, as additional reporting on the company's lobbying-related practices, such as its trade association payments and oversight mechanisms, would benefit shareholders in assessing its management of related risks.

LAM commentary on executive remuneration

A vote FOR this proposal is warranted due to the scope of the proposal, and the fact that the company faces growing regulatory pressure and regulatory scrutiny in this area. Shareholders would benefit from additional information about how company executives are incentivized to increase consumer privacy protections.

LAM commentary on severance arrangements

LAM agrees with the proponent that a company's parachute provisions should be reasonable and not excessive. To be effective without creating distorted incentives with respect to management, severance arrangements must be considerably less attractive than continued employment with the company.

Northrop Grumman Corporation, 24 March 2020

Summary of resolutions, votes and outcomes

LAM voted for a proposal (against Management) for a human rights impact assessment report.

LAM commentary

A vote FOR this proposal is warranted, as additional information regarding the processes the company uses to assess human rights impacts in its operations and supply chain would allow shareholders to better gauge how well Northrop Grumman is managing human rights related risks.

Walmart Inc., 9 April 2020

Summary of resolutions, votes and outcomes

LAM voted for a proposal (against Management) for a report on the impacts of single-use plastic bags.

LAM commentary

A vote FOR this proposal is warranted, as shareholders would benefit from additional information about how the company will meet its sustainability commitments while continuing to distribute single-use plastic shopping bags, as well as the environmental impacts of that choice and the company's management of related risks and benefits.

The Procter & Gamble Company, 14 August 2020

Summary of resolutions, votes and outcomes

LAM voted for a resolution to report on efforts to eliminate deforestation and a proposal to publish an annual report on diversity and inclusion efforts. Each vote was opposed by Management.

LAM commentary on the deforestation report

A vote FOR this resolution is warranted, as shareholders would benefit from additional information on the company's strategy to manage its supply chain's impact on deforestation.

LAM commentary on the diversity and inclusion report

A vote FOR this resolution is warranted, as reporting quantitative and comparable diversity statistics would allow shareholders to better assess the effectiveness of the company's diversity initiatives and its management of related risks.

3.3.3 Ruffer

Walt Disney, 11 March 2020

Summary of resolutions, votes and outcomes

Ruffer voted for a shareholder resolution requesting existing disclosures on lobbying activities, as part of an ongoing engagement with the company. The proposal failed with 65.7% votes against.

Ruffer commentary

Our internal voting policy states that companies should be transparent about the use of political and lobbying organisations to further their own objectives. We support resolutions that aim at increased disclosure and transparency of these payments. We voted for a shareholder resolution in 2018 and 2019 requesting additional disclosure on lobbying and the company’s memberships of trade associations. While the company has responded to these resolutions by increasing its disclosure, this only includes trade associations based in the US. As the framework has been established, and the analysis already conducted for these associations, we do not think it is onerous for the company to expand this to cover all trade associations of which it is a member. We stated this clearly to the company and supported the shareholder resolution in 2020.

Cigna, 24 April 2020

Summary of resolutions, votes and outcomes

Ruffer voted against the re-election of six non-executive directors, due to concerns about their lack of independence. The re-election proposals passed with a range of 96-99% shareholder approval.

Ruffer commentary

Taking into account the average tenure of members of the board, the regions in which the company is domiciled and the sector in which the company operates, we did not support the re-election of a number of directors in the period because of concerns that they were not independent. We will continue to vote against the re-election of non-executive directors where we have concerns about their independence.

Ocado, 6 May 2020

Summary of resolutions, votes and outcomes

Ruffer voted against the re-election of the chair of the board. The re-election proposal was passed with 96% of the vote.

Ruffer commentary

As in 2019, we voted against the re-election of the Chair of the Board, who also serves as the Chair of the Nomination Committee, because we were not comfortable with the board structure and believe the company is being slow to rectify the situation. In particular, we do not think there are a sufficient number of independent directors on the board. We have a good relationship with the company and have engaged on many other topics including food waste, green-house gas emissions and vertical farming.

Wheaton Precious Metals, 14 May 2020

Summary of resolutions, votes and outcomes

Ruffer voted against the re-election of five non-executive directors, due to concerns about their lack of independence. The re-election proposals passed with a range of 85-95% shareholder approval.

Ruffer commentary

Taking into account the average tenure of members of the board, the regions in which the company is domiciled and the sector in which the company operates, we did not support the re-election of a number of directors in the period because of concerns that they were not independent. We will continue to vote against the re-election of non-executive directors where we have concerns about their independence.

National Oilwell Varco, 20 May 2020

Summary of resolutions, votes and outcomes

Ruffer voted against the re-election of four non-executive directors, due to concerns about their lack of independence. The re-election proposals passed with a range of 88-95% shareholder approval.

Ruffer commentary

Taking into account the average tenure of members of the board, the regions in which the company is domiciled and the sector in which the company operates, we did not support the re-election of a number of directors in the period because of concerns that they were not independent. We will continue to vote against the re-election of non-executive directors where we have concerns about their independence.

Lloyds Bank, 21 May 2020

Summary of resolutions, votes and outcomes

Ruffer voted against the proposed remuneration policy. The policy was passed with 64% approval.

Ruffer commentary

We decided to vote against the proposed remuneration policy at the company as although it reduces the maximum pay-out at the time of the grant, it significantly relaxes the vesting criteria. Therefore, we did not think it sufficiently incentivises management to deliver shareholder value. We spoke with the Chairman of Lloyds on this issue after we voted and since then the company has made some changes to the remuneration of the new CEO. Even though these do not address all of our concerns, it does make the remuneration criteria more aligned to shareholder interests.

Exxon Mobil, 27 May 2020

Summary of resolutions, votes and outcomes

Ruffer voted in favour of two shareholder resolutions: for further disclosure of the company's lobbying activities and for an independent board Chair. Both proposals failed with 62.5% and 67.3% votes against respectively. Ruffer also voted against the re-election of each non-executive director, due to frustration with the limited progress made by Exxon Mobil in relation to climate change. All re-election proposals were passed with 83-98% approval.

Ruffer commentary on further disclosure of the company's lobbying activities

This is an important issue, particularly in the US due to the nature of the political system, given the effectiveness of trade associations in lobbying governments around the world. The additional information would allow us to make a better-informed investment decision and so we supported the resolution.

The company has committed to regularly review their memberships in trade association and reports some of the results publicly. Our internal voting policy states that companies should be transparent about the use of political and lobbying organisations to further their own objectives. We support resolutions that aim at increased disclosure and transparency of these payments. For the purpose of these resolutions, a "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation, regulation, or government policy (b) reflects a view on the legislation, regulation or policy and (c) encourages the recipient of the communication to take action with respect to the legislation, regulation or policy. "Indirect lobbying" is lobbying engaged in by a trade association or other organization for which the Company is a member. We will further engage with the company on the issue of lobbying and use our voting rights to underline this issue.

Ruffer commentary on an independent board Chair

We voted for the separation of CEO and Chair as we believe that the effectiveness of the board could be improved. We have since sold down the equity considerably.

Ruffer commentary on the re-election of non-executive directors

We stressed that we would like ExxonMobil to further align its strategy with the goals of the Paris Agreement and accept responsibility for its scope 3 emissions. We discussed the progress the European oil and gas companies have made in recent months and suggested that the company join the Energy Transition Commission. As one of the largest oil and gas companies in the world, we emphasised that we would like to see ExxonMobil helping to address the issues facing the sector. Due to the limited progress since the 2019 AGM, we decided again to vote against the re-election of all non-executive directors because we do not think they have been representing the best interests of shareholders owing to the slow progress of the engagement with the Climate Action 100+ initiative.

We voted against the non-executive directors due to the inflexibility the company has shown in relation to shareholder engagement on the topic of climate change. We have since sold down the equity considerably.

Mitsubishi Electric, 26 June 2020

Summary of resolutions, votes and outcomes

Ruffer voted against the re-election of an independent director, due to concerns about his lack of independence. The re-election proposals passed with a range of 76-82% shareholder approval.

Ruffer commentary

While we appreciated the recent changes to the board structure, including that sub-committees are now chaired by independent directors, we still had concerns over Mr Oyamada. We do not believe that Mr Oyamada is independent given he is a senior advisor to MUFG Bank which holds shares in Mitsubishi Electric. We will continue to engage with Mitsubishi Electric to improve the indepence of the Board.

Aena S.M.E., 29 October 2020

Summary of resolutions, votes and outcomes

Ruffer voted for three shareholder resolutions relating to the company's climate transition plan. The three resolutions passed with a range of 97-99% approval.

Ruffer commentary

We voted for three shareholder resolutions requesting that the company submits its climate transition plan to a shareholder advisory vote at its 2021 AGM and provides updates to its plan on an annual basis from 2022. We believe that climate change-related risks may be significant for the long-term performance of Aena, and therefore we supported these resolutions. Management have committed to giving shareholders an annual vote on its climate transition plan, a significant step and Aena is the first company to do so. We are likely to see more 'Say on Climate' votes filed in 2021 and would expect to support them, particularly in cases where we believe there are long term performance implications from the business proactively addressing climate change related risks

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