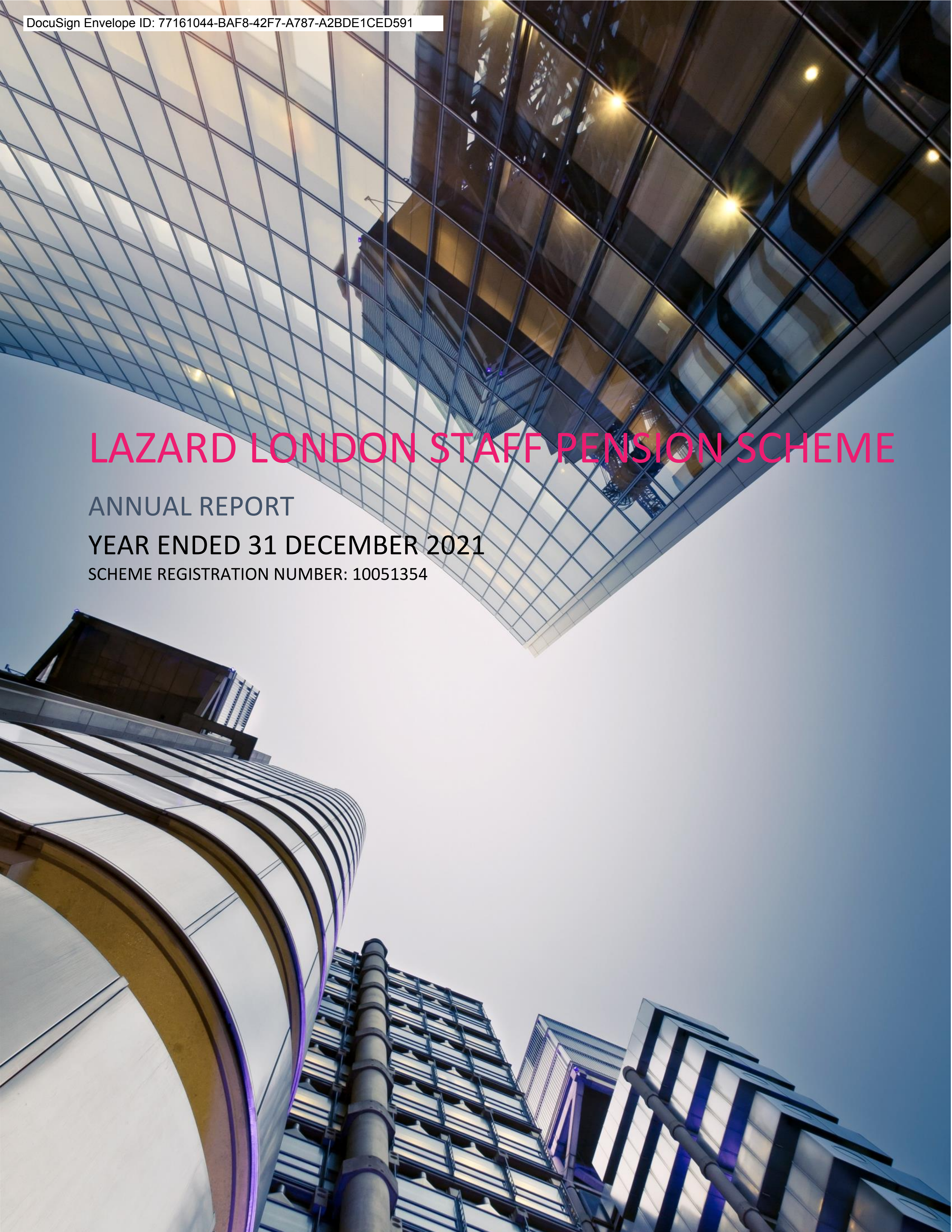

LAZARD LONDON STAFF PENSION SCHEME

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2021

SCHEME REGISTRATION NUMBER: 10051354

LAZARD LONDON STAFF PENSION SCHEME

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LAZARD LONDON STAFF PENSION SCHEME

TRUSTEES AND THEIR ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2021

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Mrs H.C.B Britton
Mrs M Corti (Member nominated)
Mrs B Albage Gough-Cooper
Mr M Trueblood (Member nominated)
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SW1E 5JL

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Investment Adviser
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W1U 1DQ

Principal Employer
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W1J 8LL

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Ireland

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2 Swan Lane
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EC4R 3AF

Northern Trust
50 Bank Street
Canary Wharf
London
E14 5NT

Other Enquiries
Premier Pensions Management Ltd
AMP House
Dingwall Road
Croydon
CR0 2LX

Introduction

The Trustees of the Lazard London Staff Pension Scheme (the "Scheme") are pleased to present their report together with the financial statements for the year ended 31 December 2021. The Scheme is a defined benefit Scheme, provided for employees of the Principal Employer, Lazard & Co, Services Limited (the "Company") and its predecessors and Lazard Asset Management Limited, 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 money purchase benefits by making voluntary contributions.

The Scheme was closed to 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 of the Lazard London Staff Scheme were contracted out of the State Second Pension (S2P) while they were members of the Scheme.

Management of the Scheme

The names of the Trustees are included on page 1.

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 for 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.

Any removal of a Member Nominated Trustee before the end of the five year term requires the agreement of all of the other Trustees.

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 8 formal meetings during the year, 3 of which were to focus on the actuarial valuation and investment matters.

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 Trustees' 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 set out the Trustees' 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

Russia – Ukraine Conflict and the Coronavirus Pandemic
Both COVID-19 and the Russian invasion of Ukraine are impacting global financial markets and causing disruption to economic activity. The Trustees have designed and implemented the Scheme's investment strategy taking a long-term view and have 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. Whilst there has been volatility, the Trustees have only seen a minor deterioration in the Scheme's funding position. The Trustees also continue to monitor the Employer covenant and have been receiving regular updates from the Company about the impact of COVID-19 and the Ukrainian conflict on their business and do not currently have any significant concerns. The internal controls and business continuity plans in place have ensured that the Scheme has been able to continue to operate, with minimal negative impact. In particular, the administration of the Scheme continues to operate effectively and benefit payments have continued uninterrupted.

Pension Increases
The pension increases for the Scheme applied for the year were as follows:

The post April 1998 Guaranteed Minimum Pension (GMP) was increased by 0.5% (2020:1.7%). This increase did not apply to any GMP which was earned in respect of service before 1988, since such increases are determined separately by the government. Pensions in payment as at 1 January 2021 were increased by 3.0% (2020:3.0%).

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 as at 31 December 2021 are shown below:

	Total 2021	*Total 2020*
PENSIONERS		
Pensioners at the start of the year	**430**	*418*
New pensioners	**20**	*21*
Deaths	**(7)**	*(12)*
Spouses and dependents	**(1)**	*3*
Trivial commutations	**(1)**	*-*
Pensioners at the end of the year	**441**	*430*
MEMBERS WITH DEFERRED BENEFITS		
Members with deferred benefits at the start of the year	**468**	*503*
Adjustments	**(22)**	*(5)*
Transfers out	**(3)**	*(7)*
Retirements	**(20)**	*(21)*
Deaths	**(1)**	*-*
Trivial commutations	**-**	*(2)*
Members with deferred benefits at the end of the year	**422**	*468*
TOTAL MEMBERSHIP AT THE END OF THE YEAR	**863**	*898*

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.

Following a data cleanse exercise completed by Premier and Hilary Britton (Trustee), it was identified that 22 records has been incorrectly set up as preserved members by the previous administrators. Each of the 22 members hold Prudential Annuity Policies only, under the Lazard Brother & Co Limited Pension Scheme 1972 (Reference 8310) and Lazard Brothers 'Q' Pension Scheme (Reference 8311). The status for each of the 22 members have now been updated to 'Not in Scheme'.

Of the 440 pensioners at year end, there were 62 individuals (2020:63) receiving a pension following the death of their spouse and there were 20 pensioner annuitants (2020:18) who are members of the Scheme and have had part of their benefits secured by the purchased of annuities.

Two annuity spouses have been included this year figures that were incorrectly excluded last year due to an administrative system error.

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 33 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 Scheme has increased from £334,857,000 at 31 December 2020 to £337,948,000 as at 31 December 2021.

Report on Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, every 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. This is 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 Staff 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 March 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

A summary of the funding position as at 31 December 2019, the date of the latest actuarial valuation of the Scheme, shows the following:

	£ M
Assets:	302.6
Liabilities:	316.1
Deficit	13.5
Funding Level:	96%

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

- 10 annual payments of £0.4m, each payable by 31 March each year. The first payment must be paid by 31 March 2021 and the final payment are made by 31 March 2030

The agreed contributions, as set out above, together with returns from invested assets, are 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 2021, the funding level of the Scheme had improved to an estimated surplus of £2.5m. This improvement was mainly due to changes in financial conditions and the performance of Scheme Assets.

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 contribution requirements 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 – 31/05/2021	1.4 % p.a.
01/06/2021 – 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 95% projected from 2013 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.

GMP Equalisation: An allowance for the cost of adjusting benefits to remove any inequalities arising from Guaranteed Minimum Pensions has been made by increasing the technical provisions by 1%.

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 2021 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 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.

As at 31 December 2021, the Scheme had seven investment managers.

Employer-Related Investments
The Scheme's investment managers have confirmed that, as at 31 December 2021, there were no direct or indirect employer-related investments held by the Scheme.

Investments under management by Lazard Asset Management Limited represented 8.3% of the net assets.

Asset Allocation
The Scheme's asset allocation as at 31 December 2021 (excluding AVC investments and cash held to meet net outflows), was split approximately as follows:

Name	Portfolio	2021 (%)	2020 (%)
Ruffer	Absolute return portfolio	11.9	11.1
Lazard Asset Management	Global managed volatility equities	-	11.7
Lazard Asset Management	Global sustainable equities	8.3	-
Legal &General	Global low carbon equities	7.8	-
Baillie Gifford	Global equities	11.9	16.8
ICG	Private Credit	2.5	2.6
	Total "Growth Assets"	**42.4**	**42.2**
Insight	Liability matching portfolio	39.4	39.6
Insight	Secured finance	6.5	6.4
Aegon	Asset backed securities	11.7	11.8
	Total "Defensive" Assets	**57.6**	**57.8**
	Total Scheme	**100**	**100**

Please note the liability matching portfolio includes allocations to LDI funds, an asset-backed securities ("ABS") fund and a liquidity fund.

Investment Matters (Continued)

Asset Allocation (Continued)

The asset allocation has been set by the Trustees such that the Scheme's investments (excluding AVC investments, insured pensions and 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	3.8	10.3	6.9
Benchmark	4.9	10.5	7.3
Relative Performance	-1.1	-0.2	-0.4

Custodial Arrangements

The Scheme's equity managers are each responsible for custody of their assets in 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.

Deutsche Bank Luxembourg S.A. is the depositary for pooled funds invested with ICG-Longbow IV GP SARL.

Northern Trust is custodian for the pooled funds invested with Insight Investment Management Limited.

Aegon investment management have appointed Citibank Europe PLC 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.

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.

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.

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.

MoneyHelper

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

MoneyHelper
120 Holborn
London
EC1N 2TD
Telephone: 0115 965 9570
Website: www.moneyandpensionsservice.org.uk

Compliance Matters (continued)

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 are 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 making 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 reviewing and if necessary revising a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the Employer 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.

The Trustees Report and Statement of Trustees Responsibilities were approved by the Trustees and signed on their behalf by:

Trustee:

Trustee: Date: 22/6/2022

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

Opinion

We have audited the financial statements of the Lazard London Staff Pension Scheme (the "Scheme") for the year ended 31 December 2021, 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 2021, 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
- Obtaining independent confirmations of material investment valuations and cash balances at the year end

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 or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as 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: 22/6/2022

LAZARD LONDON STAFF PENSION SCHEME

FUND ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £'000s	*2020 £'000s*
Contributions and benefits			
Employer contributions	4	762	*302*
Other income	5	3	*5*
		765	*307*
Benefits			
Benefits payable	6	(7,343)	*(7,279)*
Payments to and on account of leavers	7	(2,524)	*(4,213)*
Administrative expenses	8	(306)	*(311)*
		(10,173)	*(11,803)*
Net withdrawals from dealings with members		(9,408)	*(11,496)*
Returns on investments			
Investment management expenses	9	(385)	*(370)*
Investment income	10	1,518	*1,023*
Change in market value of investments	11	11,366	*41,315*
Net returns on investments		12,499	*41,968*
Net increase in the fund during the year		3,091	*30,472*
Net assets at 1 January		334,857	*304,385*
Net assets at 31 December		337,948	*334,857*

The notes on pages 21 to 33 form part of these financial statements.

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £'000s	*2020 £'000s*
Investment assets			
Pooled investment vehicles	**13**	**305,306**	*305,441*
Bonds	**11**	**14,355**	*11,975*
Equities	**11**	**12,658**	*9,875*
Insurance policies	**11**	**357**	*386*
AVC investments	**11**	**1,425**	*1,850*
Cash deposits*	**11**	**1,673**	*2,289*
Other investment balances*	**11**	**70**	*153*
Derivatives	**15**	**159**	*227*
Total net investments		**336,003**	*332,196*
Current assets	**20**	**2,002**	*2,744*
Current liabilities	**21**	**(57)**	*(83)*
Net assets at 31 December		**337,948**	*334,857*

* Other investment 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 34 of the annual report and these financial statements should be read in conjunction with them.

The notes on pages 21 to 33 form part of these Financial Statements.

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

Trustee:

DJVm

Trustee:

Date 22/6/2022

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").

Under the Pensions Statement of Recommended Practice, a going concern basis is assumed unless a decision has been made to wind up the Scheme or an event triggering its wind up has occurred. As no such event has occurred or is currently anticipated, these financial statements have been prepared on a going concern basis. In line with best practice, the Trustees have considered the extent to which the current economic climate, including the impact of the COVID-19 pandemic and the Ukraine conflict, might present a risk of the Scheme continuing as a going concern. The Trustees have reviewed the information made available to them from the Sponsoring Employer, along with covenant reviews and the funding position of the Scheme, and do not currently anticipate an event that would trigger the wind up of the Scheme in a period of 12 months from the date of signing of these financial statements.

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 his/her decision on the type of amount of benefit to be taken, or if there is no member choice, on the date of retiring 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. They do not take account of members who have notified the Scheme of their intention to transfer.

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

3. ACCOUNTING POLICIES (continued)

3.2 Investment and other Income (continued)

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.

3.3 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. ACCOUNTING POLICIES (continued)

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 pounds sterling. Monetary items denominated in foreign currency are translated into sterling using the closing exchange rates at the Scheme year end. Foreign currency transaction are recorded in sterling at the spot exchange rate at the date of the transaction.

4. EMPLOYER CONTRIBUTIONS

	2021	*2020*
	£'000s	*£'000s*
Deficit Funding	**400**	*-*
Expenses	**362**	*302*
	762	*302*

In accordance with the Schedule of Contributions signed on 21 December 2017 and in accordance with the Recovery Plan dated 21 December 2017, annual deficit contributions of £200,000 were payable from 31 March 2021 to 31 March 2030.

The current Schedule of Contributions was signed on 30 March 2021. In accordance with the Recovery Plan dated 30 March 2021, annual deficit contributions of £400,000 are payable from 31 March 2021 to 31 March 2030.

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

5. OTHER INCOME

	2021	*2020*
	£'000s	*£'000s*
Bank Interest	**2**	*4*
Other Income	**1**	*1*
	3	*5*

6. BENEFITS PAYABLE

	2021	*2020*
	£'000s	*£'000s*
Pensions	**6,594**	*6,342*
Commutations and lump sum retirement benefits	**749**	*922*
Lump sum on death in retirement	**-**	*15*
	7,343	*7,279*

7. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2021	*2020*
	£'000s	*£'000s*
Individual transfers to other Schemes	**2,524**	*4,207*
State Scheme premiums	**-**	*6*
	2,524	*4,213*

8. ADMINISTRATIVE EXPENSES

	2021	*2020*
	£'000s	*£'000s*
Actuarial fees*	**116**	*105*
Administration and processing*	**69**	*81*
Trustee services	**63**	*55*
Audit fee*	**24**	*25*
Covenant review*	**15**	*20*
Pension Protection Fund* & Pensions Regulator levies	**10**	*10*
Legal fees*	**8**	*13*
Sundry expenses	**1**	*2*
	306	*311*

*reimbursed by the Company, as agreed in the Schedule of Contributions (note 4).

9. INVESTMENT MANAGEMENT EXPENSES

	2021	*2020*
	£'000s	*£'000s*
Administration, management and custody	**546**	*502*
Investment manager fee rebates	**(161)**	*(132)*
	385	*370*

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

10. INVESTMENT INCOME

	2021	*2020*
	£'000s	*£'000s*
Income from pooled investment vehicles	**1,105**	*397*
Income from private credit	**(65)**	*324*
Dividends from equities	**362**	*148*
Income from bonds	**79**	*103*
Insurance policies	**37**	*51*
	1,518	*1,023*

11. INVESTMENT RECONCILIATION

	Value at 1 January 2021 £'000s	Cost of investments purchased & derivative £'000s	Proceeds of sales & derivative of investments £'000s	Change in market value £'000s	Value at 31 December 2021 £'000s
Pooled investment vehicles	305,441	115,465	(123,705)	8,105	**305,306**
Equities	9,875	6,497	(5,997)	2,283	**12,658**
Bonds	11,975	13,877	(12,011)	514	**14,355**
Derivatives	227	462	(604)	74	**159**
Insurance policies	386	-	-	(29)	**357**
AVC investments	1,850	-	(844)	419	**1,425**
	329,754	136,301	(143,161)	11,366	**334,260**
Cash deposits	2,289				**1,673**
Other investments	153				**70**
	332,196				**336,003**

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.

Other investment balances are made up of accrued income.

12. 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 £'000s	Stamp Duty £'000s	*2021 £'000s*
Equities	8	10	*18*

	Commission £'000s	*Stamp Duty £'000s*	*2020 £'000s*
Equities	*13*	*10*	*23*

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.

13. POOLED INVESTMENT VEHICLES

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

	2021 £'000s	2020 £'000s
Bonds	**146,358**	*146,481*
Equities	**98,151**	*99,086*
Hedge fund	**40,392**	*39,559*
Cash	**10,005**	*9,522*
Private credit	**8,251**	*8,707*
Precious Metals	**2,149**	*2,086*
	305,306	*305,441*

14. INSURANCE POLICIES

The Scheme held insurance policies at the 31 December 2021 as follows:

	2021 £'000s	2020 £'000s
Prudential	**357**	*386*

15. DERIVATIVES OBJECTIVES AND POLICIES

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

Forward FX – in order to maintain appropriate diversification of investments 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.

Contract	Settlement Expire	Currency Bought	Value of Currency Bought £'000s	Currency Sold	Value of Currency sold £'000s	Aggregate asset £'000s	Aggregate liability £'000s
Forward OTCs	2-3 months	EUR	1,448	GBP	1,455	**7**	**-**
Forward OTCs	2-3 months	USD	7,856	GBP	8,008	**152**	**-**
Total 2021						**159**	
Total 2020						*227*	*-*

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

16. INVESTMENT FAIR VALUE HIERARCHY

The fair value of financial instruments 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.

For the purposes of this analysis, daily priced funds have been included in (1), weekly priced funds in (2), and monthly net asset values in (3).

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

				AT 31 DECEMBER 2021
	Level 1	**Level 2**	**Level 3**	**Total**
	£'000s	**£'000s**	**£'000s**	**£'000s**
Equities	12,658	-	-	12,658
Bonds	14,355	-	-	14,355
Pooled investment vehicles	367	294,088	10,851	305,306
Derivatives	-	-	159	159
Insurance policies	-	-	357	357
AVC investments	-	863	562	1,425
Cash	1,673	-	-	1,673
Other investment balances	70	-	-	70
TOTAL	**29,123**	**294,951**	**11,929**	**336,003**

				AT 31 DECEMBER 2020
	Level 1	**Level 2**	**Level 3**	**Total**
	£'000s	**£'000s**	**£'000s**	**£'000s**
Equities	*9,875*	-	-	*9,875*
Bonds	*11,975*	-	-	*11,975*
Pooled investment vehicles	-	*292,721*	*12,720*	*305,441*
Derivatives	-	-	*227*	*227*
Insurance policies	-	-	*386*	*386*
AVC investments	-	*949*	*901*	*1,850*
Cash	*2,289*	-	-	*2,289*
Other investment balances	*153*	-	-	*153*
TOTAL	***24,292***	***293,670***	***14,234***	***332,196***

Derivatives in the prior period have been restated after additional clarification from the Investment Manager as to the nature of these investments.

17. 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 instrument 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 instrument 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 instrument 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. The Trustees manage investment risks, including credit risk and market risk considering the Scheme's investment objectives and strategy, and the advice of their investment advisers.

Within each investment portfolio, investment objectives and restrictions to manage risk are implemented through the legal agreements in place with the Scheme's investment managers. The Trustees monitor the performance of the 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	2021 (%)	2020 (%)
Ruffer absolute return portfolio	●	●	●	●	11.9	11.1
Lazard global managed volatility equities	○	●	○	●	-	11.7
Lazard global sustainable equites	○	●	○	●	8.4	-
Legal & General global low carbon equites (GBP hedged)	○	○	○	●	7.7	-
Baillie Gifford global equities	○	●	○	●	11.9	16.8
ICG private credit	●	○	○	○	2.5	2.6
Insight LDI funds	●	○	●	○	23.6	23.4
Insight High Grade ABS	●	○	○	●	14.0	14.9
Insight Liquidity	○	○	○	○	1.8	1.3
Insight secured finance	●	○	○	●	6.5	6.4
Aegon ABS	●	○	○	●	11.7	11.8
Total					**100.0**	**100.0**

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

17. 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 seven 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.

The role of a custodian is to ensure the safe-keeping of the assets and facilitate all transactions entered into by the appointed investment managers. The Trustees are not responsible for the appointment of the custodian of the assets contained within the various pooled fund investments. The pooled investment vehicle's governing body is responsible for appointing its own custodian for the safe-keeping, monitoring and reconciliation of documentation relating to these securities.

The Scheme's holdings in pooled investment vehicles are 'unrated' from a credit perspective. 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.

17. INVESTMENT RISKS (CONTINUED)

Credit Risk (Continued)

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 ICG private credit, Insight High Grade ABS, Insight secured finance and Aegon ABS. 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.

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. 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.

The exposure to foreign currencies within the pooled funds will vary over time as the manager changes the underlying investments but is not expected to be a material driver of returns over the longer term. Decisions about the exposure to foreign currencies within the pooled funds held are at the discretion of the appointed fund managers.

17. INVESTMENT RISKS (CONTINUED)

iii) Interest Rate and inflation Risk

Interest rate risk and inflation risk are material risks for the Scheme given that movements in interest rates and inflation are a material influence on the value of the liabilities assessed in present day terms. Some of the Scheme's assets are subject to interest rate risk (both nominal and real interest rates), particularly those held indirectly through pooled investments with Insight.

However, the interest rate and inflation exposure of the Scheme's assets is structured to hedge a portion of the corresponding risks associated with the Fund's liabilities, measured on a gilts-flat basis. 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 diversified between different asset classes and within each asset class to manage this risk.

18. AVC INVESTMENTS

The Trustees holds assets invested separately from the main fund to secure additional benefits on a money purchase basis for members who elected to pay AVCs. Members participating in this arrangement each receive an annual benefit statement confirming the amounts held in their account and the movements in the year. The aggregate amounts of AVC investments are as follows:

	2021	*2020*
	£'000s	*£'000s*
Prudential Deposit Fund I	**15**	**17**
Prudential Discretionary Fund	**848**	**932**
Prudential With-Profits Cash Accumulation Fund	**562**	**901**
	1,425	**1,850**

19. CONCENTRATION OF INVESTMENTS

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

	2021		*2020*	
	£'000	**%**	*£'000*	*%*
Insight High Grade ABS Fund	**46,400**	**13.73**	**48,804**	**14.57**
Insight LDI Enhanced Selection Longer Real Fund	**42,715**	**12.64**	**46,248**	**13.81**
Baillie Gifford Global Alpha Growth Fund	**39,497**	**11.69**	**55,349**	**16.53**
Aegon European ABS Fund	**39,085**	**11.57**	**38,896**	**11.62**
Insight LDI Enhanced Selection Longer Nominal Fund	**34,363**	**10.17**	**24,940**	**7.45**
Lazard Global Managed Volatility Fund	**-**	**-**	**38,333**	**11.45**
Lazard Global Sustain Equity Selection Dist GBP	**27,998**	**8.28**	**-**	**-**
L&G LowCarbonTransition Global Equity Index GBP hedged Fund	**25,721**	**7.61**	**-**	**-**
Insight LDI Solutions Plus Secured Finance IIS GBP	**21,307**	**6.30**	**20,876**	**6.23**

20. CURRENT ASSETS

	2021	2020
	£'000s	£'000s
Cash balance	1,531	2,295
Pension paid in advance	470	444
Annuity Income due	-	1
Monies due back to the Scheme	1	4
	2,002	2,744

21. CURRENT LIABILITIES

	2021	2020
	£'000s	£'000s
Administrative and investment management expenses	57	52
Benefit payable	-	31
	57	83

22. RELATED PARTY TRANSACTIONS

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

Investments under management by Lazard Asset Management Limited represented 8.3% of the net assets of the Scheme as at 31 December 2021 (2020:11.5%).

During the year, fee rebates have been received from the associates of Lazard & Co, Services Limited as disclosed in note 9 amounting to £96,000 (2020:£99,000).

Two (2020: Two) of the Trustees of the Scheme are pensioner members receiving benefits from the Scheme. One Trustee (2020: one) is a deferred member of the Scheme. Benefits accruing are in line with Scheme Rules.

Trustee fees of £52,225 (2020: £55,000) were paid by the Scheme. Of these fees, £21,763 (2020: £3,000) 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.

24. CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

GMP Equalisation

On 26 October 2018, the High Court ruled that benefits provided to members who had contracted out of their Scheme must be recalculated to reflect the equalisation of state pension ages between 17 May 1990 and 6 April 1997. Following the ruling, it is expected that the Trustees will need to equalise guaranteed minimum pensions between men and women. This is likely to result in additional liabilities for the Scheme for equalisation of the benefits already crystallised e.g. historical transfers out, retirement benefits etc.

Subsequently, on 20 November 2021, the High Court issued a follow up judgment in respect of the Lloyds Banking Group ruling that any transfers out paid since 17 May 1990 must potentially be increased to reflect additional liabilities arising from the equalisation of GMPs accrued between 17 May 1990 and 5 April 1997. This could potentially result in top-up payments to members but presents significant challenges for the Trustees and Scheme Administrator in terms of:

- Identifying transfers paid since 1990.
- Equalising the transfer payment.
- Tracking the relevant members and the arrangements they transferred to.

A GMP Reconciliation/Rectification Project is currently being carried out by the Scheme Administrator, with the final data cut having now been received from HMRC. The Trustees have set up a Working Group which is proactively monitoring the position in relation to GMP equalisation. To date, the Group has been focussing on completing the GMP Reconciliation and Rectification projects. Once this work has been completed, the Group will work with their advisers to manage the GMP Equalisation project through to completion.

LAZARD LONDON STAFF PENSION SCHEME

ACTUARIAL CERTIFICATE

CERTIFICATION OF THE SCHEDULE OF CONTRIBUTIONS

Adequacy of Rates of Contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective to be met by the end of the period specified in the Recovery Plan dated 30 March 2021.

Adherence to Statement of Funding Principles

2. 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 the 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
FOR THE YEAR ENDED 31 DECEMBER 2021

Independent Auditor's Statement about Contributions to the Trustees of the Lazard London Staff Pension Scheme.

We have examined the Summary of Contributions to the Lazard London Staff Pension Scheme (the "Scheme") for the Scheme year ended 31 December 2021 which is set out on page 36.

In our opinion contributions for the Scheme year ended 31 December 2021 as reported in the Summary of Contributions and payable under the Schedules of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions certified by the Scheme actuary on 21 December 2017 and 30 March 2021.

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 Schedules 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 Schedules of Contributions.

Respective Responsibilities of Trustees and the Auditor

As explained more fully in the Statement of Trustees' Responsibilities 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 Schedules 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: 22/6/2022

LAZARD LONDON STAFF PENSION SCHEME

SUMMARY OF CONTRIBUTIONS PAYABLE
FOR THE YEAR ENDED 31 DECEMBER 2021

Summary of Contributions Payable under the Schedules for the Year Ended 31 December 2021
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 Schedules of Contributions certified by the Scheme Actuary on 21 December 2017 and 30 March 2021 in respect of the Scheme year ended 31 December 2021. The Scheme Auditor reports on contributions payable under the Schedules in the Auditor's Statement about Contributions.

During the year ended 31 December 2021, the following contributions were payable to the Scheme under the Schedules of Contributions:

	2021 £'000s
Employer	
Deficit Funding	400
Expenses	335
Total contributions payable under the Schedules of Contributionsand in respect of the year	735
Other Contributions	
Additional Expenses	27
Total contributions payable to the Scheme (as reported on by the Scheme Auditor and reported in the Financial Statements)	**762**

Signed on behalf of the Trustees:

Trustee

Date: 22/6/2022

Trustee

Date: 22/6/2022

Implementation Statement, covering the Scheme Year from 1 January 2021 to 31 December 2021

The Trustees of the Lazard London Staff Pension Scheme (the "Scheme") are required to produce an annual 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 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 new and existing managers and funds over the Scheme Year, 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 July 2021, the Trustees held an investment manager monitoring meeting, to which three of the Scheme's managers (Baillie Gifford, Lazard Asset Management and Ruffer) were invited. When the managers presented to the Trustees at this meeting, the managers spoke about their voting and engagement practices and the Trustees were satisfied with the voting and engagement activities undertaken on their behalf.

During the Scheme Year, the Trustees invested in two new pooled funds, the Lazard Asset Management Global Sustainable Equity Fund and the Legal & General Investment Management Low Carbon Transition Global Equity Index Fund. In selecting and appointing these managers, the Trustees reviewed LCP's Responsible Investment ("RI") assessments of the managers, including each manager's approach to voting and engagement.

The Trustees have also introduced a standing item on RI to the agendas of their quarterly meetings. As a part of this, the Trustees discussed and received training on a number of issues during the Scheme Year. This included how investment managers are approaching Net Zero and whether the Scheme's managers had signed up to the UK Stewardship Code and the Global Investor Statement to Governments on the climate crisis. Where managers had not signed up to these initiatives, LCP engaged with these managers on the Trustees' behalf.

Additionally, the Trustees receive quarterly updates on ESG and stewardship related issues from their investment advisers.

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 in line with the Pensions and Lifetime Savings Association (PLSA) guidance, on the Scheme's funds that hold equities as follows:

- Baillie Gifford Global Alpha Growth Fund;
- Lazard Asset Management ("LAM") Global Managed Volatility Fund (disinvested in August 2021)
- LAM Global Sustainable Equity Fund (first invested in August 2021)

- Legal & General Investment Management ("LGIM") Low Carbon Transition Global Equity Index Fund (first invested in September 2021); and
- Ruffer segregated absolute return portfolio.

In addition to the above, the Trustees contacted the Scheme's other asset managers that don't hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the Scheme Year. 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.

<u>What is your policy on consulting with clients before voting?</u>

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.

<u>Please provide an overview of your process for deciding how to vote.</u>

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.

<u>How, if at all, have you made use of proxy voting services over the year to 31 December 2021?</u>

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.

<u>What process did you follow for determining the "most significant" votes?</u>

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.*

<u>Are you currently affected by any of the following five conflicts, or any other conflicts, across any of your holdings?</u>

1) The asset management firm overall has an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding

Baillie Gifford provides services to a wide variety of clients including those that may be issuers of securities that Baillie Gifford may recommend for purchase or sale to clients. In addition to our clients, some of our service providers and/or suppliers are issuers of securities that Baillie Gifford may recommend for purchase or sale to clients. In both cases it is Baillie Gifford's general policy not to take into account that an issuer is our client, service provider or supplier when making investment decisions. Baillie Gifford believes it would not be in the interests of clients generally to exclude such issuers from a client portfolio unless the client instructs Baillie Gifford to the contrary.

2) Senior staff at the asset management firm hold roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings

   James Anderson, Baillie Gifford partner, serves as the Non-Executive Chair of Kinnevik AB, as well as being a member of the Nomination Committee. James has recused himself from any investment discussions and decisions about Kinnevik and its underlying investments.

   In addition, at Schibsted ASA, Kinnevik AB and Adevinta ASA, Spencer Adair, Lawrence Burns and Chris Davies respectively, Baillie Gifford partners and/or fund managers are members of the Nomination Committee. It is market practice in Scandinavia for representatives of a company's largest shareholders to make up the committee; the Nomination Committee is not a board committee.

   Within Baillie Gifford, any decisions with material relevance are made in conjunction with multiple members of the portfolio construction group ensuring robust discussion and debate. As the Nomination Committee is not a board committee, members do not have a vote on substantive company policies or actions. We support the opportunity to be more closely involved in the governance and stewardship of one of our clients' holdings.

3) The asset management firm's stewardship staff have a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding

   None disclosed to Compliance.

4) There is a situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer

   Clients sign up to individual strategies' philosophies which may result in different voting decisions. Therefore, voting according to each strategy's philosophy is in line with our clients' expectations, so this is not deemed a conflict of interest.

5) There are differences between the stewardship policies of managers and their clients

   Our preference is for clients to give us full discretion to vote in line with Baillie Gifford's Governance and Sustainability Principles and Guidelines. Where clients request us to adhere to their own stewardship policies, these are reviewed and discussed with the client, noting deviations from our own Governance and Sustainability Principles and Guidelines and can be implemented, where appropriate.

3.1.2 LAM

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

<u>What is your policy on consulting with clients before voting?</u>

Lazard manages assets for a variety of clients worldwide, including institutions, financial intermediaries, sovereign wealth funds, and private clients. To the extent that proxy voting authority is delegated to Lazard, Lazard's general policy is to vote proxies on a given issue in the same manner for all of its clients. As part of this, we do not typically consult with clients before voting. This Policy is based on the view that Lazard, in its role as investment adviser, must vote proxies based on what it believes (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. As active managers, we are committed to fully exercising our role as stewards of capital.

<u>Please provide an overview of your process for deciding how to vote.</u>

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.*

<u>How, if at all, have you made use of proxy voting services over the year to 31 December 2021?</u>

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.

<u>What process did you follow for determining the "most significant" votes?</u>

In this instance, we have considered most significant votes in the following order: firstly all shareholder proposals, secondly any non-salary compensation or remuneration related proposals and thirdly any votes against management (excluding routine items) not included in the first two criteria. The resultant proposals were then ranked by the company's average holding within the fund/or portfolio over the period under review to identify the votes for disclosure in the template.

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.

<u>Are you currently affected by any of the following five conflicts, or any other conflicts, across any of your holdings?</u>

1) The asset management firm overall has an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding
2) Senior staff at the asset management firm hold roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings
3) The asset management firm's stewardship staff have a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding
4) There is a situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer

5) There are differences between the stewardship policies of managers and their clients

Lazard's general Proxy Voting Policy recognizes that there may be times when meeting agendas or proposals may create the appearance of a material conflict of interest for Lazard. Lazard will look to alleviate the potential conflict by voting according to pre-approved guidelines. In conflict situations where a pre-approved guideline is to vote case-by-case, Lazard will vote according to the recommendation of one of the proxy voting services Lazard retains to provide independent analysis.

This Policy and related procedures implemented by Lazard are designed to address potential conflicts of interest posed by Lazard's business and organizational structure. Examples of such potential conflicts of interest are:

1) *Lazard Frères & Co. LLC ("LF&Co."), Lazard's parent company and a registered broker-dealer, or a financial advisory affiliate, has a relationship with a company the shares of which are held in accounts of Lazard clients, and has provided financial advisory or related services to the company with respect to an upcoming significant proxy proposal (i.e., a merger or other significant transaction);*
2) *Lazard serves as an investment adviser for a company the management of which supports a particular proposal;*
3) *Lazard serves as an investment adviser for the pension plan of an organization that sponsors a proposal; or*
4) *A Lazard employee who would otherwise be involved in the decision-making process regarding a particular proposal has a material relationship with the issuer or owns shares of the issuer.*

General Policy

All proxies must be voted in the best long-term interest of each Lazard client, without consideration of the interests of Lazard, LF&Co. or any of their employees or affiliates. The Proxy Administration Team is responsible for all proxy voting in accordance with this Policy after consulting with the appropriate member or members of Portfolio Management, the Proxy Committee and/or the Legal & Compliance Department. No other employees of Lazard, LF&Co. or their affiliates may influence or attempt to influence the vote on any proposal. Violations of this Policy could result in disciplinary action, including letter of censure, fine or suspension, or termination of employment. Any such conduct may also violate state and Federal securities and other laws, as well as Lazard's client agreements, which could result in severe civil and criminal penalties being imposed, including the violator being prohibited from ever working for any organization engaged in a securities business. Every officer and employee of Lazard who participates in any way in the decision-making process regarding proxy voting is responsible for considering whether they have a conflicting interest or the appearance of a conflicting interest on any proposal. A conflict could arise, for example, if an officer or employee has a family member who is an officer of the issuer or owns securities of the issuer. If an officer or employee believes such a conflict exists or may appear to exist, he or she should notify the Chief Compliance Officer immediately and, unless determined otherwise, should not continue to participate in the decision-making process.

Monitoring for Conflicts and Voting When a Material Conflict Exists

The Proxy Administration Team monitors for potential conflicts of interest that could be viewed as influencing the outcome of Lazard's voting decision. Consequently, the steps that Lazard takes to monitor conflicts, and voting proposals when the appearance of a material conflict exists, differ depending on whether the Approved Guideline for the specific item is clearly defined to vote for or against, or is to vote on a case-by-case basis. Any questions regarding application of these conflict procedures, including whether a conflict exists, should be addressed to Lazard's Chief Compliance Officer and General Counsel.

a) *Where Approved Guideline Is For or Against*

   Lazard has an Approved Guideline to vote for or against regarding most proxy agenda/proposals. Generally, unless Portfolio Management disagrees with the Approved Guideline for a specific proposal, the Proxy Administration Team votes according to the Approved Guideline. It is therefore necessary to consider whether an apparent conflict of interest exists when Portfolio Management disagrees with the Approved Guideline. The Proxy Administration Team will use its best efforts to determine whether a conflict of interest or potential conflict of interest exists. If conflict appears to exist, then the proposal will be voted according to the Approved Guideline. In situations where the Approved Guideline is to vote Case by Case, Lazard will vote in accordance with the recommendations of one of the proxy voting services Lazard retains to provide independent analysis. Lazard also reserves its right to Abstain.

   In addition, in the event of a conflict that arises in connection with a proposal for Lazard to vote shares held by Lazard clients in a Lazard mutual fund, Lazard will typically vote each proposal for or against proportion to the shares voted by other shareholders.

b) *Where Approved Guideline Is Case-by-Case*

In situations where the Approved Guideline is to vote case-by case and a material conflict of interest appears to exist, Lazard's policy is to vote the proxy item according to the majority recommendation of the independent proxy services to which we subscribe. Lazard also reserves its right to Abstain.

3.1.3 LGIM

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

What is your policy on consulting with clients before voting?

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Our voting policies are reviewed annually and take into account feedback from our clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

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

All decisions are made by LGIM's Investment Stewardship team and in accordance with our relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

How, if at all, have you made use of proxy voting services over the year to 31 December 2021?

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions.

To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice.

We retain the ability in all markets to override any vote decisions, which are based on our custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows us to apply a qualitative overlay to our voting judgement. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action."

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

As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure we continue to help our clients in fulfilling their reporting obligations. We also believe public transparency of our vote activity is critical for our clients and interested parties to hold us to account.

For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what we deemed were 'material votes'. We are evolving our approach in line with the new regulation and are committed to provide our clients access to 'significant vote' information.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- *High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;*
- *Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;*
- *Sanction vote as a result of a direct or collaborative engagement;*
- *Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.*

We provide information on significant votes in the format of detailed case studies in our quarterly ESG impact report and annual active ownership publications.

The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. We also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions.

If you have any additional questions on specific votes, please note that LGIM publicly discloses its vote instructions on our website at https://vds.issgovernance.com/vds/#/MjU2NQ==/.

Are you currently affected by any of the following five conflicts, or any other conflicts, across any of your holdings?

1) The asset management firm overall has an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding;
2) Senior staff at the asset management firm hold roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings
3) The asset management firm's stewardship staff have a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding
4) There is a situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer
5) There are differences between the stewardship policies of managers and their clients

Please refer to the LGIM investment stewardship conflict of interest document at the following link: https://www.lgim.com/api/epi/documentlibrary/view?id=1116980ea5bf43fa9801c212be73f487&old=literature.html?cid=.

Please include here any additional comments which you believe are relevant to your voting activities or processes.

It is vital that the proxy voting service are regularly monitored and LGIM do this through quarterly due diligence meetings with ISS. Representatives from a range of departments attend these meetings, including the client relationship manager, research manager and custom voting manager. The meetings have a standing agenda, which includes setting out our expectations, an analysis of any issues we have experienced when voting during the previous quarter, the quality of the ISS research delivered, general service level, personnel changes, the management of any potential conflicts of interest and a review of the effectiveness of the monitoring process and voting statistics. The meetings will also review any action points arising from the previous quarterly meeting.

LGIM has its own internal Risk Management System (RMS) to provide effective oversight of key processes. This includes LGIM's voting activities and related client reporting. If an item is not confirmed as completed on RMS, the issue is escalated to line managers and senior directors within the organisation. On a weekly basis, senior members of the Investment Stewardship team confirm on LGIM's internal RMS that votes have been cast correctly on the voting platform and record any issues experienced. This is then reviewed by the Director of Investment Stewardship who confirms the votes have been cast correctly on a monthly basis. Annually, as part of our formal RMS processes the Director of Investment Stewardship confirms that a formal review of LGIM's proxy provider has been conducted and that they have the capacity and competency to analyse proxy issues and make impartial recommendations.

3.1.4 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.

Process

Ruffer has internal voting guidelines as well as access to proxy voting research, currently from Institutional Shareholder Services (ISS), to assist in the assessment of resolutions and the identification of contentious issues. Although we are cognisant of proxy advisers' voting recommendations, in general, we do not delegate or outsource our stewardship activities when deciding how to vote on our clients' shares.

Research analysts are responsible, supported by our responsible investment team, for reviewing the relevant issues on a case-by-case basis and exercising their judgement, based on their in-depth knowledge of the company. If there are any controversial resolutions, a discussion is convened with senior investment staff and, if agreement cannot be reached, there is an option to escalate the decision to the Head of Research or the Chief Investment Officer. We look to discuss with companies any relevant or material issue that could impact our investment. We will ask for additional information or an explanation, if necessary, to inform our voting discussions. If we decide to vote against the recommendations of management, we will endeavour to communicate this decision to the company before the vote along with our explanation for doing so.

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

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

How, if at all, have you made use of proxy voting services?

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.

As discussed above, we do use ISS as an input into our decisions. In the 12 months to 31 December 2021, of the votes in relation to holdings in the Lazard London Director's Pension Scheme we voted against the recommendation of ISS over 6.5% of the time.

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.

Are you currently affected by any of the following five conflicts, or any other conflicts, across any of your holdings?

1) The asset management firm overall has an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding;
2) Senior staff at the asset management firm hold roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings
3) The asset management firm's stewardship staff have a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding
4) There is a situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer
5) There are differences between the stewardship policies of managers and their clients

No

3.2 Summary of voting behaviour over the Scheme Year

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

	Baillie Gifford	LAM*	LAM*	LGIM*	Ruffer
Fund name	Global Alpha Growth Fund	Global Managed Volatility Fund	Global Sustainable Equity Fund	Low Carbon Transition Global Equity Index Fund	Segregated absolute return portfolio
Total size of fund at end of the Scheme Year	£4,517.2m	£33.0m	£162.7m	£809.7m	£39.8m
Value of Scheme assets at end of the Scheme Year (£ / % of total assets)	£39.5m (11.9%)	-	£28.0m (8.4%)	£25.7m (7.7%)	£39.8m (11.9%)
Number of equity holdings at end of the Scheme Year	97	209	50	2,784	40
Number of meetings eligible to vote	107	221	50	3,047	42

Number of resolutions eligible to vote	1,337	2,988	697	31,032	654
% of resolutions voted	95.7%	96.6%	100.0%	99.99%	94.0%
Of the resolutions on which voted, % voted with management	97.3%	94.4%	97.4%	80.6%	94.0%
Of the resolutions on which voted, % voted against management	2.1%	5.7%	2.6%	18.7%	5.0%
Of the resolutions on which voted, % abstained from voting	0.6%	0.0%	0.0%	0.7%	1.0%
Of the meetings in which the manager voted, % with at least one vote against management	16.8%	38.0%	24.0%	62.0%	36.0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	N/A	0.9%	3.0%	11.0%	6.5%

* The three funds managed by LAM and LGIM were only held by the Scheme for part of the Scheme Year. Due to the availability of voting data, the Trustees have included data for the full year in this table.

3.3 Most significant votes over the Scheme Year

Commentary on the most significant votes over the Scheme Year, from the Scheme's asset managers who hold listed equities, is set out below. The Trustees have interpreted "most significant votes" to mean those deemed as most significant by the investment managers, and have selected a subset of these votes for inclusion in the Statement, taking into account the size of the Scheme's holding in each company, and with the aim of including a broad range of companies and topics.

3.3.1 Baillie Gifford

Rio Tinto, 9 April 2021

<u>Summary of resolution, vote and outcome</u>

Baillie Gifford voted against a resolution to approve a remuneration report. The resolution failed.

<u>Baillie Gifford commentary</u>

We supported the remuneration policy but opposed the remuneration report. We opposed the remuneration report as we did not agree with the decisions taken by the Remuneration Committee in the last year regarding executive severance payments and the vesting of long-term incentive awards. We were uncomfortable with the timing and use of bonus deductions last year, followed by the large LTIP payouts which were not subject to malus or clawback.

Tesla, 7 October 2021

<u>Summary of resolutions, votes and outcomes</u>

Baillie Gifford voted against three shareholders resolutions:

a) requesting a report on the company's approach to human rights (this resolution failed);
b) requesting to declassify the board (this resolution passed); and
c) requesting additional reporting on Tesla's diversity and inclusion efforts (this resolution passed).

<u>Baillie Gifford commentary on the human rights resolution</u>

We think Tesla's current policies and practices are reasonable and improving, making this proposal unnecessary.

Baillie Gifford commentary on the board declassification resolution

We believe that full declassification of the board is not in the best interests of shareholders at this time, and have instead supported management's alternate proposal for partial declassification.

We understand that in some situations this governance provision provides necessary protection to the board. The board argues that in order to effectively meet its mission to accelerate the world's transition to sustainable energy, that they require long-term focus, and believe the full declassification of the board leaves the company vulnerable to opportunistic short-term interests. However in response to this proposal, the company put forward a "superior" resolution in which they propose reclassifying the board into two classes, with directors serving 2 year terms as opposed to 3 years. We were supportive of the board's resolution for partial declassification, and as such we opposed the shareholder proposal.

Baillie Gifford commentary on the diversity and inclusion resolution

Over the last few years the company has developed their diversity, equality and inclusion approach and reporting, and has been responsive to our feedback. As such, we didn't believe this resolution warrants support.

3.3.2 LAM

Johnson & Johnson, 22 April 2021 (held by the Global Managed Volatility Fund)

Summary of resolutions, votes and outcomes

LAM voted on four resolutions:

a) Against a shareholder resolution to report on government financial support and access to COVID-19 vaccines and therapeutics (this resolution failed);

b) For a shareholder resolution to adopt a policy on bonus banking (this resolution failed);

c) For a shareholder resolution to require an independent board chair (this resolution failed); and

d) Against a shareholder resolution to report on a civil rights audit (this resolution failed).

LAM commentary on the resolution to report on government financial support and access to COVID-19 vaccines and therapeutics

The company has been transparent on the public funding it has received and on its selling model – i.e., selling the vaccine on a not-for-profit basis, which is the right thing to do.

LAM commentary on the resolution to adopt a policy on bonus banking

A vote FOR this item is warranted. Adoption of a bonus deferral policy represents best practice and helps to mitigate risks.

LAM commentary on the resolution to require an independent board chair

Follows best governance practices.

LAM commentary on the resolution to report on a civil rights audit

Company has strong & transparent diversity & inclusion policies and has a culture that promotes diversity & inclusion.

Microsoft, 30 November 2021 (held by the Global Sustainable Equity Fund)

Summary of resolutions, votes and outcomes

LAM voted on several resolutions including:

a) Against a shareholder resolution to prohibit sales of facial recognition technology to all government entities (this resolution failed);

b) For a shareholder resolution calling for a report on Microsoft's gender and racial pay gaps (this resolution failed).

LAM commentary on the resolution to prohibit sales of facial recognition technology

The resolution is asking for a ban in sales rather than disclosure to help evidence how effectively the current guiding principles are minimizing potential human rights risks. We believe this is a suitable engagement topic rather than asking for a ban.

LAM commentary on the pay gap report resolution

A vote FOR this proposal is warranted, as shareholders could benefit from the median pay gap statistics that would allow them to compare and measure the progress of the company's diversity and inclusion initiatives.

3.3.3 LGIM

General Mills, 28 September 2021

Summary of resolution, vote and outcome

LGIM voted against a resolution to re-elect Jeffrey Harmening (CEO) to the board of directors. The resolution passed.

LGIM commentary

LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we have voted against all combined board chair/CEO roles. Furthermore, we have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and we have reinforced our position on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences.

Lasertec, 28 September 2021

Summary of resolution, vote and outcome

LGIM voted against a resolution to re-elect Haruhiko Kusunose (Chairman) to the board of directors. The resolution passed.

LGIM commentary

LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf. For 10 years, we have been using our position to engage with companies on this issue. As part of our efforts to influence our investee companies on having greater gender balance and following a campaign on gender diversity in Japan in 2019, we decided to escalate our voting policy. In 2020, we announced we would be voting against all companies in the large-cap TOPIX 100 index that do not have at least one woman on their board. In 2021, we expanded the scope of our policy to vote against TOPIX Mid 400 companies that do not have at least one woman on the board.

3.3.4 Ruffer

Countryside Properties, 5 February 2021

Summary of resolutions, votes and outcomes

Ruffer abstained on votes in relation to board composition and remuneration. The resolutions all passed.

Ruffer commentary

We met with David Howell (Chair of the Board) and Amanda Burton (Chair of the Remuneration Committee) to discuss the company's capital allocation strategy. Decisions in this area are critical and will ultimately determine its long-term financial performance. We shared our view that the company would benefit from a non-executive director with a proven track record in capital allocation. Given the changing strategy of the business, significant changes need to be made to the remuneration policy to ensure management is incentivised to deliver on the revised *strategy and, importantly, to align their interests with shareholders. We shared our thoughts around this, including a total shareholder return measure, a meaningful shareholding requirement and ensuring post-cessation and vesting requirements are in line with the guidance from the Investment Association. We attach significant importance to the company's strategy, board composition and executive remuneration as we deem addressing these to be essential for the long-term success of Countryside and all stakeholders.*

Whilst we value the engagements with the non-executive directors so far, we have not received acknowledgement our concerns will be addressed. Consequently, we decided to abstain on our votes in relation to the re-election of all non-executive directors. We wrote to the company explaining our decision prior to the AGM. We will continue to engage ahead of the upcoming remuneration consultation, and we look forward to continuing our discussions.

Royal Dutch Shell, 18 May 2021

Summary of resolution, vote and outcome

Ruffer voted for a management resolution relating to the company's climate transition plan. The resolution passed.

Ruffer commentary

We supported Royal Dutch Shell's first Energy Transition Strategy plan. The decision was made in the context of the progress Shell has made as a result of engagement and the commitment of the company leadership to continue to meaningfully engage on the remaining areas of Climate Action 100+. The management resolution gained support of 88.7% of its shareholder base. We are committing to continued engagement with the company to work on details of the company's transition plans to ensure absolute emission equivalent targets sit alongside short- and medium-term intensity targets, and the need for further alignment on capital expenditure. In light of the opportunity to vote on the company's transition strategy and the progress made, we did not see a need to vote in favour of the shareholder proposal filed by the NGO 'Follow This'. As a founding member of Climate Action 100+ initiative we engaged with Shell collaboratively and individually over several years and we are looking forward to continuing our engagements, focusing on the company's progress on its transition plan.

We will monitor how the company progresses and improves over time, and continue to support credible energy transition strategies and initiatives.