



# Sustainability Report

For the year ended 31 December 2024





# 2024

## Performance Highlights



Through colleague fundraising and corporate giving we made charity donations of over

# £100,000

Estimated **40%** reduction in our carbon footprint in our non-policyholder funds since 2020

The Financial Ombudsman Service agreed with

# 84%

of our complaint decisions. This shows that we continue to be committed to providing the right outcomes for our members and customers

# 350+

LV= members assisted via our member support programme



**Our operations are carbon negative**

We calculated our operational carbon emissions and offset **110% of our total emissions, which has supported worthwhile projects.**

Signatory to the Women in Finance charter.

Women now represent

# 43%

of our senior colleagues



**We're a Level 2 Disability Confident Employer. This means that we meet the UK government's high standards as an inclusive employer**



**We've made a collective commitment to improve ethnic equality of opportunity in the workplace**

## The purpose of this Report

Sustainability is an integral part of the way we do business. This Report aims to share our approach and what we're doing at LV= to tackle environmental, social and governance (ESG) issues with our members, customers, advisers and other stakeholders.

This Report also brings together sustainability disclosure information in accordance with the Taskforce on Climate-related Financial Disclosure (TCFD) entity reporting requirements, the Streamlined Energy and Carbon Reporting (SECR) requirements and the Non-Financial and Sustainability Reporting Information Statement under Section 414CA and 414CB of the Companies Act.



# Contents

The purpose of this Report	2
Sustainability Review	4
Sustainability Strategy	6
<b>Safeguarding our Environment</b>	
Strategy	9
Responsible Investment	14
Operations	16
Metrics and Targets	17
<b>Sustainable Mutual</b>	
Community and Charity	22
Colleagues and Culture	23
<b>Trusted and Thoughtful Provider</b>	
Supporting Members and Customers	29
Risk Management	32
Governance	35
Collaboration for Change	38
Appendix A: Data and Scenario Analysis	38
Appendix B: TCFD Index	39

# Sustainability Review

## David Hynam

Chief Executive (CEO) and Chief Sustainability Officer (CSO)



A handwritten signature in black ink, appearing to read 'David Hynam'.

Our mutual roots go back over 180 years and the reason we exist remains as strong as ever. We are here to help our members and customers live financially confident lives. As a leading UK life and pensions mutual insurer, we do that by looking after the business on behalf of current and future generations.

Our mutual status defines us as a business. It means we can take a longer, broader view – always guided by what is best for our members, reinvesting to enable future growth and ensuring we deliver great value and returns.

As I welcome you to the 2024 Sustainability Report, we should reflect on the progress made across the three pillars of our strategy and some of the highlights from the year.

### **Safeguarding our Environment**

As a mutual, we are well positioned to think about the long-term success and growth of the business in the context of protecting our planet for generations.

During 2024, we've focused on our investment strategy and working with BlackRock to set interim net zero targets, which is a key step towards our ambition of reaching net zero by 2050.

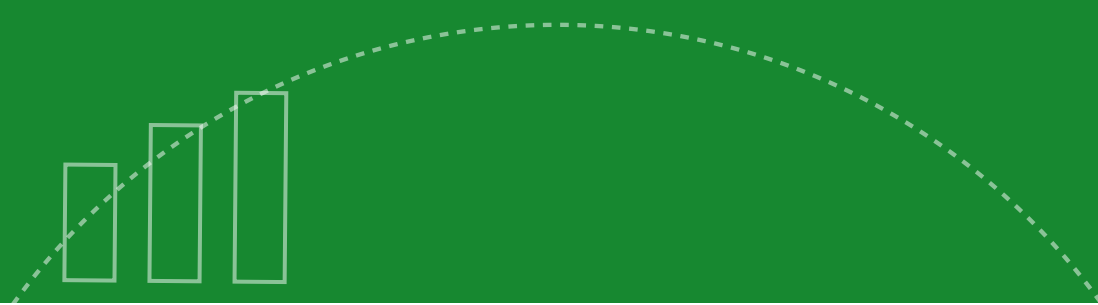
### **Sustainable Mutual**

We are committed to being part of a society that works for everyone. We continue to support our communities through initiatives and fundraising with the help of our colleagues and our focus on diversity, equity and inclusion remains an important part of our culture and values. I am particularly proud to see Team LV= receive external recognition for our culture with a number of awards and accolades.

### **Trusted and Thoughtful Provider**

At their core, our products and services help our members and customers to protect their income while they're working and maximise it when they stop. We recognise that the needs of our members and customers vary and this is visible through the member support programme we offer. In 2024, the programme provided additional assistance to over 350 members. We also continue to shape the future of mutual advocacy through proud membership of the Association of Financial Mutuals (AFM) and the International Cooperative and Mutual Insurance Federation (ICMIF).

We continue to prioritise the responsible development and management of our sustainability strategy and I am grateful for the commitment of all of our colleagues as we continue on our sustainable mutual journey.



**Jean-Marc Robert**  
Chief Risk Officer (CRO)



### **Managing climate-related risks**

As part of our wider risk management activities, a key focus has been the ongoing management of our approach to financial risks arising from climate change. The European Copernicus climate service, one of the main global data providers, confirmed that 2024 was the hottest year on record and importantly, the first year that global temperatures exceeded the 1.5°C target to limit the impacts of climate change. The physical impacts of climate change, such as flooding and wildfires, as well as the risks from transition towards a low-carbon economy have the potential to impact both businesses and consumers alike. As this context develops, we continue to evolve and strengthen our approach to climate risk and wider environmental, social and governance issues with the important aim of protecting and enhancing the interests of our current and future members and customers.

### **Transitioning to net zero**

We recognise the significant role the financial services industry plays in transitioning to net zero. In 2024, we continued our work on delivering our net zero transition plan. I am pleased to support our first 2030 objective for the decarbonisation of our investments and to see the progress made to date. Setting these medium-term objectives assists the business in the ongoing management and monitoring of climate risk and performance against our strategy. This is part of a continued programme of activity which is also set up to enhance our data and broaden the scope of assets included within our decarbonisation objectives.

While we further develop and implement our detailed transition plans to net zero, we have maintained our carbon neutral certification across our direct operations and have invested in projects delivering meaningful impact, such as reforestation and improving access to clean drinking water.

### **Seeking opportunities for impact**

As a business, our focus on sustainability is not only about managing associated risks arising from climate change but identifying opportunities to deliver 'real world' impact for our communities, society and the environment. This ranges from selecting sustainable investment options, through our transition to BlackRock as our primary asset manager, to the actions and impact of our diversity, equity, inclusion and wellbeing networks. The wellbeing network, which I sponsor, focused on mental health awareness in 2024 including training more colleagues to be Mental Health First Aiders and supporting managers with Positive Mental Health at Work training. We continue to strive to create an inclusive culture and supportive working environment where all colleagues feel welcomed, respected and valued.

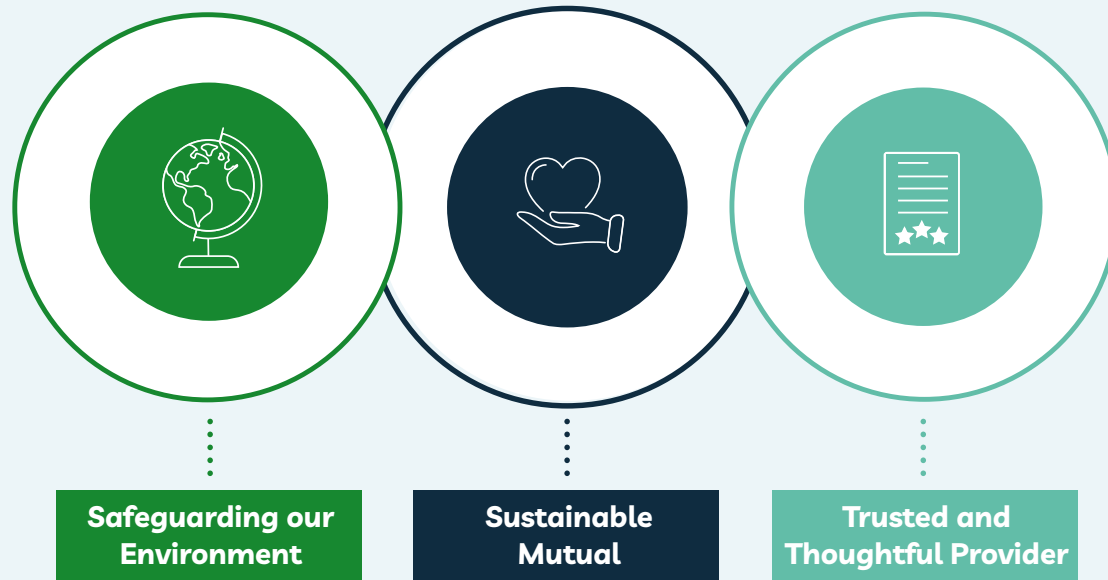
Within this Report, you can read more about the developments and enhancements we are making towards a long-term sustainable mutual business.



# Sustainability Strategy

Our purpose has been to **help people live financially confident lives** since 1843. We do this by protecting their income while they are working and maximising it when they stop. This philosophy remains at the **very heart of LV=** and is the reason we exist.

Our sustainability strategy focuses on three core pillars that we believe are essential foundations in helping our members and customers for many generations to come.



## Safeguarding our Environment

### Commitment

Deliver strong, stable and sustainable value to our members and customers and achieve this in a way that protects and nurtures our planet for both current and future generations.

### Goal

Strive to embed environmental considerations in everything we do. Safeguarding our environment is our first pillar because we believe looking after our environment is fundamental to ensuring a society and economy where all can thrive for generations to come.

### Key initiatives

- Develop and share a transition plan to net zero.
- Invest responsibly. Consider environmental, social and governance (ESG) when making decisions. Invest in companies and assets that demonstrate they contribute to the long-term sustainability of the planet.
- Further reduce the environmental impact of our operations.

## Sustainable Mutual

### Commitment

Make a positive and lasting impact in our local communities because, as a mutual, we believe our role in society goes beyond supplying products and services. Empower our colleagues to deliver positive sustainable outcomes for our members, customers and wider stakeholders.

### Goal

Be part of a society that works for everyone. Our priority is to ensure that we are here for our members and customers for generations to come.

### Key initiatives

- Support our communities through activities and fundraising.
- Build talented diverse teams and prioritise the wellbeing of our colleagues.

## Trusted and Thoughtful Provider

### Commitment

Build on our strong governance and values-led culture to ensure we go above and beyond what is required to meet legal and regulatory obligations. The way we serve our members and customers is of equal importance to the products, services and advice that we offer.

### Goal

Be a trusted and thoughtful mutual business that is member-focused and provides attractive and sustainable member returns through product, service and investment excellence.

### Key initiatives

- Support our members and customers with excellent customer service and access to help when they need it.
- Embed a strong governance framework, which is driven by a values-led culture.
- Collaborate with others in our industry to drive change.

# Safeguarding our Environment



We all have an important part to play in safeguarding our environment by sustainably using our resources **to protect** and **nurture** our planet for current and future generations. Central to this is the collective reduction of greenhouse gas emissions.

Our ambition is to transform our business to become net zero in line with the UK government's commitment to net zero by 2050 and in support of the Paris Agreement's objective to limit global temperature increases<sup>1</sup>. As we prepare for this, we will continue to seek opportunities to accelerate this timeline.

<sup>1</sup> The Paris Agreement is a legally-binding international treaty on climate change. The goal is to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

**Net zero** is the goal of balancing greenhouse gases produced with those absorbed. This means reducing emissions and utilising methods of absorbing greenhouse gases from the atmosphere.

During 2024, we continued to develop our net zero transition plan. The plan focuses on enhancing the reporting of emissions and developing a set of meaningful medium-term targets. Across our investment portfolios, we have improved data coverage by adding sovereign bond emissions. Within our supply chain, we've moved to a hybrid emissions reporting model that supplements spend-based estimates with actual emissions for our highest emitting suppliers. We've also added emissions from colleague commuting and homeworking to our reporting.

Building on our strong progress since the end of 2020, we are pleased to announce that by 2030, we aim to reduce the carbon footprint of our publicly listed equity and corporate bond holdings by a further 25% from the end of 2024. If we achieve this, it would bring our total decarbonisation from 2020 to 2030 to over 50%. This applies for assets that are not invested in policyholder funds. We explore this further in the responsible investment section on page 14.

We know we cannot achieve our full ambitions in isolation and achieving net zero status is reliant on multiple stakeholders, including governments and policymakers, to ensure the goals of the Paris Agreement are achieved. We must also ensure that our ambitions for net zero outcomes are balanced against delivering the risk-adjusted investment performance our members expect. We plan to evolve our approach by considering developing interim targets for a greater proportion of our emissions, including policyholder investments.

Since 2022, we've been carbon negative in relation to our operational greenhouse gas emissions and have maintained our Carbon Neutral + accreditation. This means we have determined our carbon emissions for our business and more than offset both our direct and indirect operational emissions<sup>2</sup>. We achieved this by supporting one emissions removal project and two emissions avoidance projects that were voted for by our colleagues. The projects include reforestation in Ghana and safe water access in Zambia and Eritrea. More information about these projects can be found on page 17.

We continue to identify and implement environmental initiatives to further lower our carbon footprint and reduce the reliance on offsetting.



**Our operations are carbon negative**

We calculated our operational carbon emissions and offset 110% of our total emissions which has supported worthwhile projects

**Strategy**

Uncertainty remains in the ways in which we, and the wider financial services sector, may be impacted by climate change while governments, industries and society more widely seek to determine the appropriate speed and actions required to protect the environment. In 2019, the UK government became the first major economy to pass a net zero emissions law; also supported at COP 26 where the Chancellor set out plans for the UK to be the world's first net zero aligned financial centre. The scale of change required to meet these targets, and the potential consequences if we don't, present both risks and opportunities for our business. These risks and opportunities will likely manifest over different time frames depending on the scale of intervention taken to protect the environment. In our analysis of the risks, we use the following time frames:

**LV= Time frames**

<b>Short Term</b>	Less than 5 years
<b>Medium Term</b>	Five to ten years
<b>Long Term</b>	Greater than ten years

**Climate-related risks and opportunities**

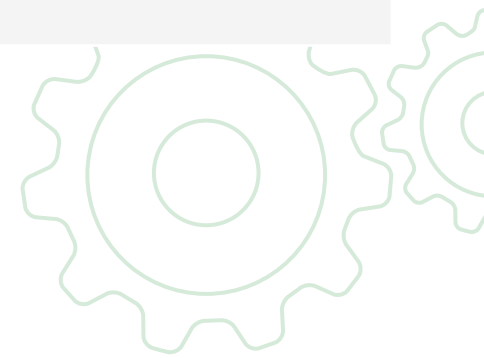
As a UK life and pensions mutual insurer, the risks associated with climate change, particularly physical risk, may be less material than for other companies who carry out general insurance or global operations. However, the impact of climate change remains highly uncertain, particularly in relation to the extent to which different geographical locations may be affected.

<sup>2</sup> This calculation focuses on our operational emissions including direct emissions from heating and cooling our offices, consuming electricity and estimates for homeworking and business travel. It does not include other indirect emissions such as those from our investment portfolio or the goods and services we purchase from third parties.

The key risks and opportunities for our business from climate change include:

Risk or Opportunity	Description	Timeframe	Examples of Potential Impact	Approach
<b>Physical Risk</b>	Physical risks due to climate change arise from a number of factors and relate to specific weather events (such as heat waves, floods, wildfires and storms) and longer-term shifts in the climate (such as changes in precipitation, extreme weather variability, sea level rise and rising average temperatures).	Medium to Long Term	<ul style="list-style-type: none"> <li>█ Fall in the value of investments or property backing equity release or commercial mortgage loans</li> <li>█ Failure/disruption of a third party</li> <li>█ Shifts in longevity, morbidity and mortality</li> <li>█ Disruption of business operations</li> <li>█ Inflation of business as usual costs due to scarcity of resources or increased geopolitical tension arising from climate changes</li> </ul>	<ul style="list-style-type: none"> <li>█ Monitor via scenario analysis and sensitivities</li> <li>█ Use of reinsurance to mitigate demographic risk exposures</li> <li>█ Monitor evolving industry practice and regulatory guidance for assessing and adjusting to demographic risks</li> <li>█ Business continuity planning and operational resilience testing</li> </ul>
<b>Asset Transition Risk</b>	<p>Asset transition risks can arise from the process of adjustment towards a low-carbon economy.</p> <p>A range of factors influence this adjustment, including climate-related developments in policy and regulation, the emergence of disruptive technology or business models, shifting sentiment and societal preferences, or evolving evidence, frameworks and legal interpretations.</p>	Short to Medium Term	<ul style="list-style-type: none"> <li>█ Fall in the value of investments which are perceived as environmentally unfriendly or which may be adversely affected by climate change</li> <li>█ Failure or disruption of a third party who provides a service to us, adversely affecting delivery of that service</li> </ul>	<ul style="list-style-type: none"> <li>█ Monitor via a transition risk indicator</li> <li>█ Monitor via sensitivity testing</li> <li>█ Ensure ESG considerations are embedded in investment processes</li> </ul>
<b>Policy and Legal Risk</b>	Changes to regulation and disclosure requirements from governments encouraging firms to transition to a low-carbon economy have the potential to create compliance and legal risks as we adjust to new regulation.	Short to Medium Term	<ul style="list-style-type: none"> <li>█ Increased operating costs as a result of implementing regulatory requirements</li> <li>█ Increased operating costs from third parties</li> <li>█ Potential fines and litigation</li> </ul>	<ul style="list-style-type: none"> <li>█ Emerging regulatory changes are tracked by our Compliance team</li> <li>█ Operation of a 'three lines of defence' model to mitigate risk of non-compliance</li> <li>█ Contract renegotiation and tender processes with third parties</li> </ul>

Risk or Opportunity	Description	Timeframe	Examples of Potential Impact	Approach
<b>Reputational Risk</b>	Reputational risk may arise as a result of unfavourable market and consumer reactions if we're judged not to have responded appropriately to climate change and emerging regulatory requirements.	All	<ul style="list-style-type: none"> <li>■ Reduced new business volumes</li> <li>■ Increased lapse/surrender rates</li> <li>■ Potential litigation</li> </ul>	<ul style="list-style-type: none"> <li>■ Integration of climate change and greenwashing risks within our risk management framework to ensure appropriate response</li> <li>■ Monitoring to understand and explain any increases in the operational emissions of the business per full-time employee</li> <li>■ Implementation and publication of our sustainability strategy</li> <li>■ Ensure targets set are achievable with progress monitored</li> </ul>
<b>Product Innovation Opportunity</b>	As regulations and consumer preferences change, opportunities for new and innovative products which meet consumer needs are likely to be created.	Medium Term	<ul style="list-style-type: none"> <li>■ Consumer demand creates opportunities for product innovation and growth, thereby addressing new and evolving consumer needs</li> </ul>	<ul style="list-style-type: none"> <li>■ Monitor consumer sentiment by conducting surveys and watching industry trends</li> </ul>
<b>Investment Opportunities</b>	Asset transition presents an opportunity for enhanced returns from assets that support the transition to a low-carbon economy. Longer term there is an opportunity for enhanced returns from assets which are resilient to the physical effects of climate change.	Medium to Long Term	<ul style="list-style-type: none"> <li>■ Increase in the value of our investments</li> </ul>	<ul style="list-style-type: none"> <li>■ Ensure ESG considerations are embedded within our investment processes in order to identify and support new and emerging attractive investments</li> </ul>





Our **sustainability strategy** is integrated into business planning to ensure that climate change and other ESG considerations are captured alongside other financial metrics **as we plan for the future** and assess the resilience of our business strategy.



## Embedding sustainability into the business planning process

Our strategic planning process incorporates an assessment of the resilience of our business model and an in-depth analysis of the group's forecast risk profile, capital, solvency and liquidity positions over a five-year planning period. The validity of the planning process is assessed by reconciling the projections to actual business outcomes experienced over the following year and understanding the differences that are identified. This is done to continually improve the process going forward. The business plan provides a road map for implementing the group's strategic objectives, including an assessment against ESG indicators where applicable. The plan is underpinned by a series of economic and other assumptions. These are subject to stress and scenario testing to understand potential downside risk and whether any actions are needed to enhance the resilience of the business.

While certain impacts relating to climate change may start to emerge in the short term, many of the more significant risks and opportunities are longer term in nature. For this reason, they are not necessarily captured within the current planning horizon. The identification of these climate-related risks and opportunities has driven the need for strategic investment to enhance our ability to manage climate-related risks. This includes making improvements to our offices to reduce our carbon footprint, the implementation of carbon offsetting, the development of climate-related scenario analysis and the sourcing of data to monitor and manage exposures. Our sustainability strategy ensures that climate change and other ESG considerations are appropriately incorporated within Board and management decision making.

## Climate scenario analysis

While it is challenging to predict how climate change will evolve in the medium to long-term, scenario analysis is a key tool for assessing our potential business exposure to various plausible outcomes. The scale of global warming will depend significantly on the actions taken to protect the environment and the timing and impact of these actions.

Similarly, the effects that interventions may have on the economy are also uncertain. We'll continue to develop and embed climate scenarios within our scenario testing requirements to enable greater understanding and the continued management of potential risks and opportunities.

In 2023, our scenario analysis focused on the risks arising through the investment portfolio using three potential future pathways aligned to those developed by the Network for Greening the Financial System (NGFS).

These included acute and chronic changes to the climate out to 2100 (physical risk), as well as transition risk to 2050, which can include policy changes or changes in areas such as market, technology and demand. The impact on the investment portfolio from each of these scenarios was expected to have limited impact on our solvency position because of the diversification within our existing holdings and the hedging strategies in place. Similarly, the impact on our liquidity surplus was expected

to be limited. However, it was also recognised that certain considerations and factors such as sea level rises or forced mass migration were not yet modelled within these scenarios.

Our 2024 scenario analysis sought to address some of the limitations from the 2023 exercise, increasing understanding of how climate change could impact our business.

The first step in the analysis was the creation of a qualitative scenario with the aim of exploring the physical and transition impacts of climate change. Sensitivity testing of the key assumptions then provided a perspective on how this could impact the business. These included:

- downside impacts to the value of property backing Commercial Mortgage Loans or Equity Release Mortgage (ERM) loans, as a result of flooding or Energy Performance Certificate requirement changes,
- the use of NGFS scenarios to stress the investment portfolio,
- changes to mortality, morbidity, or longevity assumptions as the climate shifts,
- consideration of how more significant litigation could impact the business.

Scenario testing was also performed within the business plan with the scenarios designed to consider how climate change could affect the strategic outlook. The table below describes the two pathways (transition headwinds and delayed transition) that we assessed and the rationale of the assumptions adopted.

The transition headwinds scenario assumes our strategy experiences additional challenges from the external environment, both regulatory changes and the transition and physical impacts from climate change.

The delayed transition scenario assumes that there is a delay in implementing our climate change transition strategy and that we face regulatory, investment and expense challenges as a result.

The scenarios rely on a number of assumptions about the size and timing of impacts from climate change. Therefore, they are intended to promote discussion rather than fully predict and model the future. We expect to further enhance our climate scenario analysis as industry practice evolves and data improves.

Business plan scenarios	(1) Transition headwinds	(2) Delayed transition
Reputational	Poor performance from ESG investments lead to a reduction in new business volumes and increased lapses across some product lines.	Negative public perception of our ESG positioning leads to reduced new business volumes and lapses across all products.
Expenses	Greater than expected policy and regulatory action increases transformation costs.	As for the transition headwinds scenario, but with additional strategic investment required due to delayed transition increasing the cost.
Physical risk	Climate change drives an immediate drop in property values and sees the Equity Release Mortgage market growth fall.	Climate change drives an immediate drop in property values and sees the Equity Release Mortgage market growth fall.
Transition risk	Challenges with balancing sustainability considerations with expected returns lead to reduced profit margins.	Delays to the transition of investments leads to losses due to stranded assets in 2029. This is exacerbated by litigation costs.



## Responsible Investment

We believe we have an obligation to our members to invest their money responsibly to manage investment risks. Our Responsible Investing Approach ensures we work closely with our external asset managers to ensure ESG considerations are firmly embedded in the origination and management of our investments. By doing so, we strive to deliver strong and stable member returns in a way that protects and nurtures our planet for both current and future generations.

During 2024, we prioritised the development of our net zero transition plans as the indirect emissions from the investments managed on behalf of our members are a considerable source of our total company emissions. The decarbonisation of investment portfolios, engagement with investee companies and allocation of capital to support the transition to a low-carbon economy are therefore core components of our wider ambition to reach net zero by 2050.

Over the year, we gathered data on our non-policyholder assets which include the assets that back our annuities business as well as our LV= Estate. We estimate carbon footprint has fallen nearly 40% since year-end 2020. However, there is more to be done and we have set a medium-term decarbonisation objective to reduce the carbon footprint of these public equity and corporate bond holdings by an additional 25% from 2024 to 2030. From 2020, this represents an objective to reach more than 50% decarbonisation by 2030.

We expect to add additional assets to our medium-term objectives so that all assets under management fall into scope. Our non-policyholder funds typically support our estate and non-investment products, such as annuities. These assets currently represent approximately half of our assets under management and around 40% of these are invested in public equity or corporate bonds. In the coming years, we expect to gather further data to support target setting across our policyholder funds and add additional asset classes, such as real estate.

Estimated **40%** reduction in our carbon footprint  
in our non-policyholder funds **since 2020**

Responsible investment encompasses all ESG considerations. We undertake several actions which ensure ESG risks are identified and managed appropriately as we seek to drive strong and stable member returns and work towards our decarbonisation objective.

### Metrics

The Investment Committee, With-Profits Committee and other relevant management committees regularly review a range of metrics including tracking progress against our decarbonisation objective.

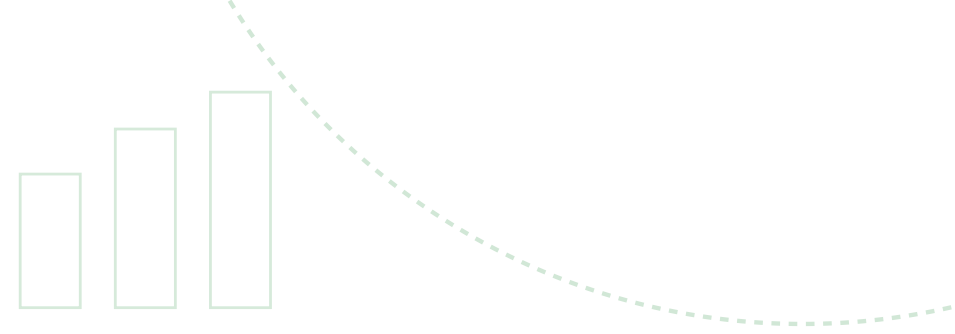
### Management

Our Investment Oversight team hold regular reviews with our fund managers to discuss performance and ensure ESG issues are appropriately considered in investment decisions.

### Exclusion

While we prefer engagement over exclusion, we may divest from firms who fail to address ESG concerns. In our assets-backing annuity business, we screen our bonds using a framework outlined by the UN Global Compact initiative.

To support our approach, we require our asset managers to be signatories to either the United Nations Principles for Responsible Investment or the UK Stewardship Code. The high standards expected of signatories help us ensure our asset managers invest responsibly.



## 2024 highlights

### Engaging for change

We believe that engagement with investee companies is an effective way to drive positive ESG change and contributes to the long-term success of the global economy. We ensure our investment partners engage with investee companies on our behalf.

During 2024, we refreshed our engagement approach to align with our net zero ambitions. We established a joint Sustainability Forum with BlackRock, our primary asset manager, focusing on engagement with our top twenty emitters. We recognise that BlackRock engage collectively, focusing on understanding material risks and opportunities. However, we believe regular engagement can influence change and ultimately our goal, through BlackRock, is to advocate a greater proportion of companies to make credible net zero commitments.

### Evolving our investment

We believe that in the long term, we will achieve better financial returns by investing in assets that demonstrate they contribute to the long-term sustainable success of the global economy and that's why ESG considerations are firmly embedded in the management of our investments.

During 2024, we worked with BlackRock to update our strategic asset allocations, which incorporated financial risks arising from climate change. We believe that the transition to a low-carbon economy presents both investment risk and opportunity and for the first time, climate change has been factored into our capital market assumptions.<sup>3</sup>

### Funding the transition

We recognise that as well as encouraging decarbonisation through engagement activity, we have a part to play in ensuring capital is deployed to climate solutions that support the mitigation and adaptation of the real economy. Currently, we invest nearly half of our policyholder assets in funds which promote specific environmental or social characteristics. These funds range from operating simple exclusions to having specific objectives, such as the reduction of carbon emissions intensity over time. To ensure we support the transition to a low-carbon economy, we're exploring specific allocations to investments that provide climate solutions.



### BlackRock Climate and Decarbonisation Stewardship Guidelines

In 2024, BlackRock launched an additional stewardship option to support its clients wishing to invest in assets with decarbonisation objectives. In addition to BlackRock's baseline policy, the decarbonisation policy seeks reporting of Scope 1, 2 and material Scope 3 emissions and assesses decarbonisation efforts. Aligned with our approach, the policy prioritises the largest emitters. The policy also specifically seeks science-based targets and may take voting action where absent. Currently, this option is available and applied to approximately half of our equity investments. We're supportive of further expansion and will explore applying this approach to additional assets under management once available.

<sup>3</sup>We do not currently use our climate-related scenario analysis in the investment decision-making process.

## Operations

**During 2024, we focused on three key areas.**

### Planning for net zero

We've been using 100% renewable electricity since 2021. To reach operational net zero, we must further reduce emissions from the heating and cooling of our offices. We continue to assess the best approach and have commissioned a number of independent surveys to help us develop these plans.

### Colleague commuting and homeworking emissions

We introduced the capturing of our colleague commuting and homeworking carbon footprint to identify a baseline of emissions, improve accuracy of reporting and determine possible initiatives to reduce emissions.

### Supplier management

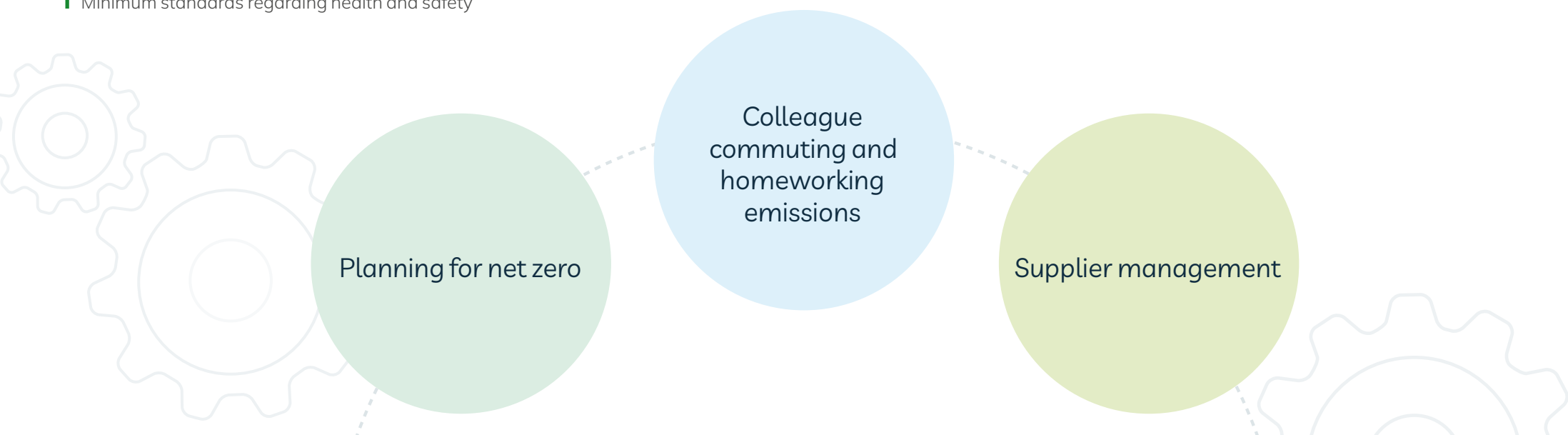
Our Third-Party Management team continue to support the purchase of goods and services through its framework and practices, in such a way as to maximise value for the business, our members and customers whilst identifying and mitigating risk. As part of our third-party engagement and risk management processes, we require prospective vendors to agree to our Third-Party Code of Conduct and Ethical Standards. This document outlines the standards we expect vendors to meet and is based on our core values. It contains important requirements which include, but are not limited to, the following topics:

- Compliance with laws and regulations
- Payment of a living wage
- A zero-tolerance approach to modern slavery and the exploitation of child labour
- Minimum standards regarding health and safety

In addition, we enhanced the reporting of our Purchased Goods and Services Scope 3 emissions data by adopting a hybrid method of calculation, as recommended by the Greenhouse Gas Protocol. We contacted vendors representing our largest emitters using their actual Scope 1 & 2 data to calculate more accurate Scope 3 emissions. Emissions for the remaining suppliers are calculated using an accepted spend methodology with industry-standard factors.

- engaged with some of our suppliers for the first time to obtain their actual emission data,
- widened our due diligence activities on all our vendors with a focus on carbon and other ESG factors,
- developed a strategy for all our third-party sustainability commitments.

We have plans to further strengthen our controls in 2025 through a revised and updated Supplier Code of Conduct (SCoC) and a suite of updated supplier policies that reflect our ESG and sustainability requirements. This approach will be applied to all our suppliers, and not just our critical vendors. Longer-term objectives will involve the introduction of relevant sustainability criteria for the sourcing of new suppliers and the addition of contracting clauses designed specifically to reference specific ESG and sustainable requirements. We intend to develop specific training programmes for relevant colleagues and have introduced a dedicated Third-Party Sustainability Specialist role to support and drive all activities on behalf of the Third-Party Management team.



### Information about the carbon offsetting projects voted for by our colleagues.

To reduce our own environmental impact, we continue to monitor energy efficiency and waste management across our offices and look to ensure that any business travel only takes place when necessary. We're proud to maintain our carbon negative status in relation to our operational greenhouse gas emissions.

It's anticipated that our carbon offsets, which support the below projects, will reduce greenhouse gas emissions by 1,145 tCO<sub>2</sub>e. We'll continue to identify and implement environmental improvement initiatives to lower our carbon footprint further and reduce reliance on offsetting.

#### Western Province Safe Water Project – Zambia

Western Province Safe Water Project rehabilitates and maintains borehole handpumps that will provide vital safe water sources. It trains the local communities on best water access, sanitation and hygiene practices and builds the capacity for them to manage and maintain the water sources into the future.

Nearly **90%** of the rural population rely on wood as their primary energy source. By removing the need to boil water for purification, the handpumps will significantly reduce a major source of hazardous household air pollution as well as carbon emissions.

#### Reforestation of Degraded Forest Reserve Areas - Ghana

The project aims to restore **14,000 hectares** of degraded forest reserves by 2025. This will help to combat deforestation, improve soil quality, protect water resources and enhance biodiversity in the region.

Land leases and benefit-sharing agreements with local landowners and the Forestry Commission of Ghana have been secured, ensuring that the project benefits local communities through employment opportunities and social engagement programmes. Miro Forestry adheres to high environmental and social standards, aiming to achieve international forestry certification.

#### Community Boreholes – Eritrea (Northeast Africa)

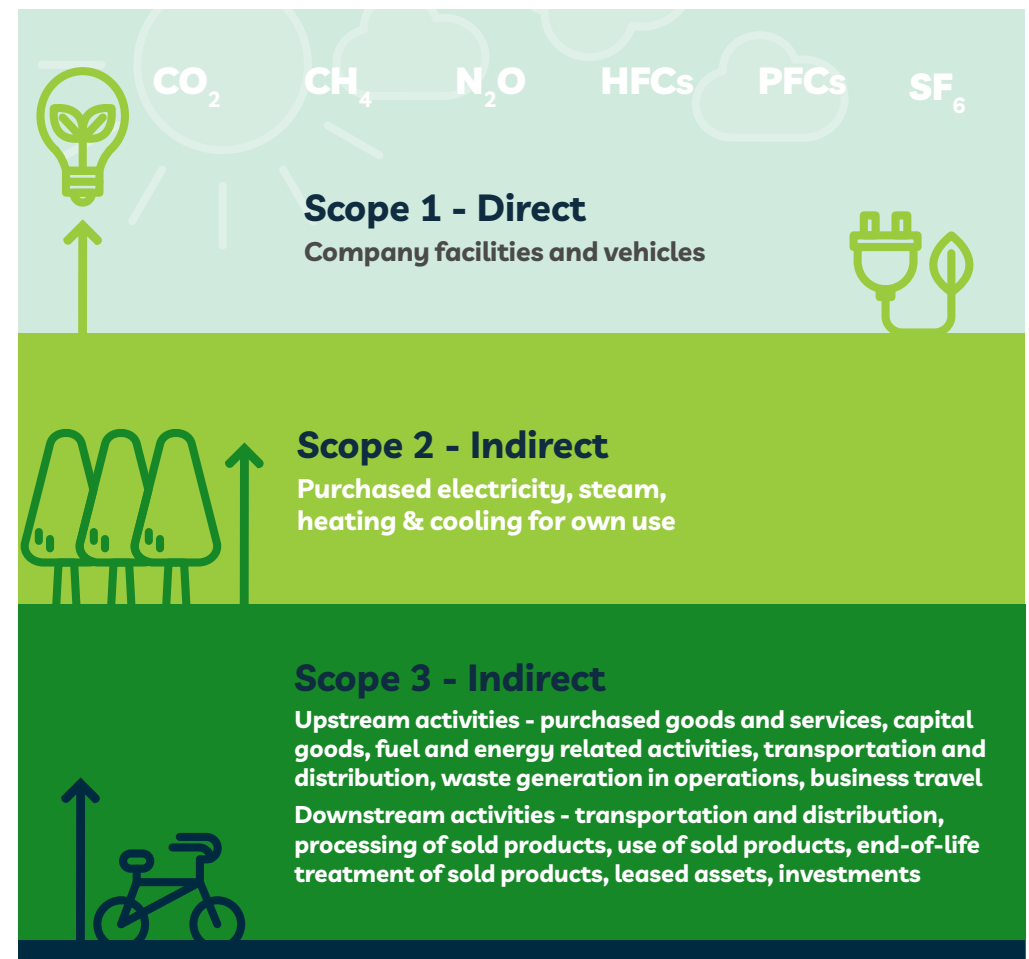
The project is located in semi-rural districts in Eritrea. Local people must use wood fuel to purify their drinking, cleaning and washing water. This process results in the release of greenhouse gas emissions from the combustion of wood and can be avoided if a technology that does not require fuel (wood or fossil) supplies clean water.

Many existing boreholes have fallen into disrepair because maintenance programmes have been poorly managed or proven too expensive. The work in Eritrea will deliver multiple projects that renovate broken boreholes so that they deliver clean, safe water. The project will ensure that the quality of the water delivered by the boreholes is fit for human consumption.

### Metrics and Targets

Our ambition is to transform our business to be net zero. In 2024, we set medium-term objectives for the decarbonisation of our investment portfolio by 2030. As we further develop our climate transition plan, we expect to report our progress against these targets as well as add quantitative targets for the reduction of our underlying operational emissions. In the interim period, we'll continue to maintain our operational carbon negative status. Our metrics are split between operations and investments.

The following diagram provides an overview of the emission categories and scopes as defined by the Green House Gas Protocol. Scope 1 and 2 emissions, such as gas and electric usage, are typically easier to measure and control in comparison to Scope 3 upstream or downstream activities, where there is a reliance on estimation and external data provision, for example, from suppliers of goods and services.





## Operations

For 2024, our Scope 1 and 2 energy consumption totalled 1,730,350 kWh (2023: 2,175,316 kWh), while our greenhouse gas emissions totalled 100 tCO<sub>2</sub>e (2023: 157 tCO<sub>2</sub>e). This usage has generated reported intensity ratios for the year of:

**Annual kWh per No. of FTE Employees 1500 kWh (2023: 1,890)**

**Annual tCO<sub>2</sub>e per No. of FTE Employees 0.09 (2023: 0.14)**

We monitor annual tCO<sub>2</sub>e per No. of FTE Employees for Scope 1 and 2 emissions as one of our key indicators of operational impact. Increases above our appetite are escalated to our Board Risk Committee. Consolidation of our offices was the biggest contributing factor to the reduction in emissions and business travel was significantly reduced, particularly international travel.

Further details relating to the sources of our energy consumption and greenhouse gas emissions are detailed below.

### Definition

#### kWh: Kilowatt hour

We report our energy consumption using kWh – a standard measure of energy.

#### tCO<sub>2</sub>e: Tonnes carbon dioxide equivalent

We report our greenhouse gas emissions using tCO<sub>2</sub>e – a standard measure of greenhouse gas emissions.

In addition to energy and emissions, we also monitor waste across our offices. As a UK life and pensions mutual insurer, the amount of waste we produce is small in comparison to many other more resource intensive sectors. However, our aim is to further minimise our impact on the environment and we have a target to recycle 60% of our waste. 2024 was our first full year with improved waste segregation, the introduction of a new metal waste stream and colleague engagement which resulted in our recycling rate during the year increasing to 64%.

All our waste is either recycled, incinerated to produce electricity, used to produce gas via anaerobic digestion or reused as compost. We've sent zero waste to landfill since 2021.

### New Scope 3 category added in 2024

We've added employee commuting and homeworking to our Scope 3 emissions reporting to provide greater accuracy and transparency for our overall emissions reporting. It was calculated by the results of a colleague survey, capturing details of journeys to work and energy used whilst working at home. Responses from 20% of our colleagues were used to approximate our emissions across the business. We believe this remains representative of our wider workforce and we will continue to encourage participation so we can gather more data in future years.

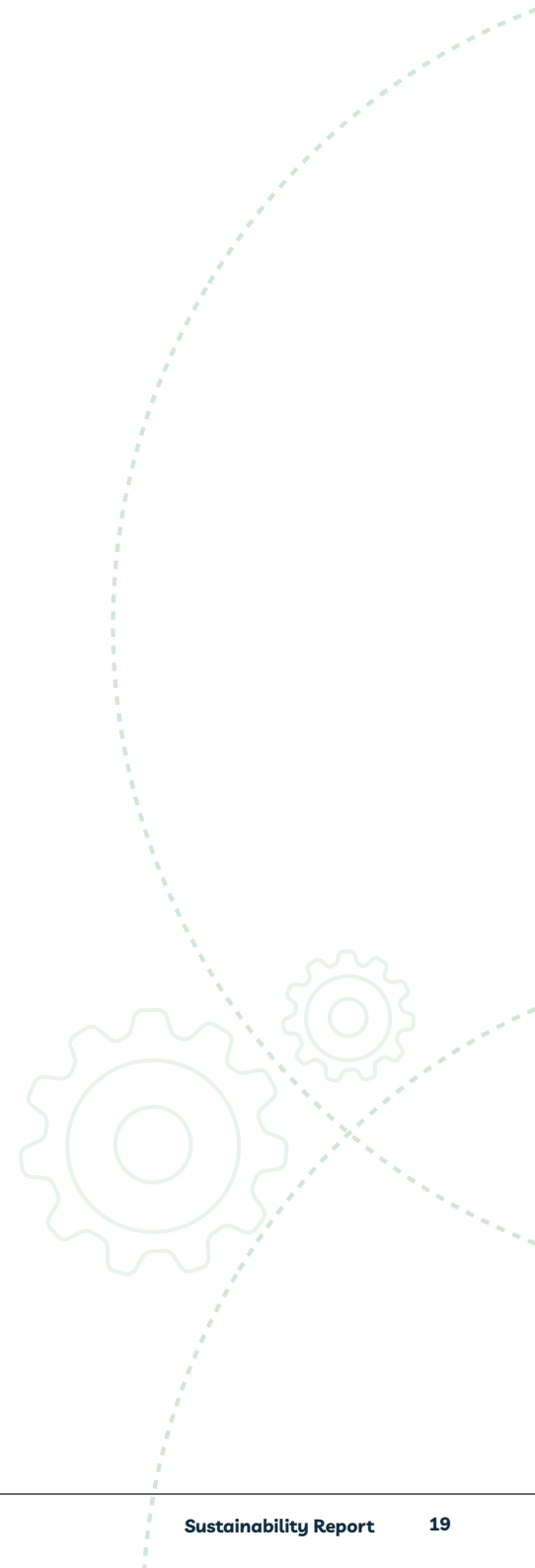
Source of Energy and Emissions (tCo2e) <sup>4</sup>		2024	2023
Combustion of natural gas		100	152
Combustion of other fuels		0.3	5
<b>Scope 1 total (tCO2e)</b>		<b>100</b>	<b>157</b>
Generation of purchased electricity		243	274
Renewable electricity		(243)	(274)
<b>Scope 2 total</b>		<b>0</b>	<b>0</b>
<b>Scope 1 and 2 total</b>		<b>100</b>	<b>157</b>
Intensity per no. full-time equivalent employee		0.09	0.14
Carbon offsets purchased		(1,145)	(1,212)
Purchased goods and services <sup>5</sup>		9,233	13,267
Fuel and energy related activities		128	243
Waste generated in operations <sup>6</sup>		0.6	1.2
Downstream leased assets <sup>7</sup>		376	361
Renewable electricity (from leased assets) <sup>7</sup>		(265)	(274)
Business travel		123	183
<b>New</b>	Employee commuting and homeworking	460	n/a
<b>Scope 3 total (Excluding Investments)</b>		<b>10,056</b>	<b>13,781</b>
<b>Total Scope 1, 2 &amp; 3 (Excluding Investments and Offsets)</b>		<b>10,156</b>	<b>13,938</b>

<sup>4</sup> We have used the UK government greenhouse gas conversion factors for company reporting within our methodologies.

<sup>5</sup> Using the spend methodology, we identified 27 suppliers which represent approximately 80% of our Scope 3 emissions. To obtain the total carbon emissions (tCO2e), we used a hybrid method. This combined actual emissions data (2023 Scope 1 and 2) from 48% of those identified suppliers, and the remainder of our supply chain that applied industry carbon factors, with the annual spend.

<sup>6</sup> 2023 waste emissions were reported as 0 tCO2e. This figure has been restated in this Report to include emissions from recycling and energy generation from waste.

<sup>7</sup> 2023 downstream leased assets and renewable electricity (from leased assets) were reported in the 2023 Sustainability Report as 313 tCO2e and (269) tCO2e respectively. These figures have been restated in this Report to correct a prior period calculation error.



“The establishment of a broad and consistent set of emissions metrics is an important component of monitoring progress and identifying actions as we work towards our net zero ambition.”

### Investments

Our investments emissions form part of our Scope 3 emissions reporting. As detailed in the Responsible Investment section on page 14, we've set medium-term objectives for carbon reduction. Over time, we expect to bring a greater percentage of assets under management into target scope and report against our 2030 progress. The metrics shown right include all listed equity, corporate bond and sovereign bond holdings. It does not cover the funds invested via the Self Invested Personal Pension (SIPP) wrapper<sup>15</sup>.

### Commentary

We are pleased to report that we significantly enhanced the data coverage of our emissions reporting by incorporating sovereign emissions and collecting data for nearly all listed equity over 2024. The establishment of a broad and consistent set of emissions metrics is an important component of monitoring progress and identifying actions as we work towards our net zero ambition. As at the end of 2024, we reported the Scope 1 and 2 emissions from estimated and reported sources for 94% of our listed equity and 85% of our corporate bond holdings, where there is appropriate data. Within the mandates that we set, this asset coverage has increased to approximately 79%.

During the year, assets were transferred to our new primary asset manager, BlackRock. The weighted average carbon intensity of our investments has remained stable. The carbon footprint of our equity portfolio has reduced, offset by increases in our Corporate Bond emissions. Overall, we estimate that changes in the carbon footprint are driven by changes in portfolio emissions, such as updated company disclosures, data coverage or trading activity, rather than changes in the market value of investments.

		2024	2023
<b>Listed Equity</b>	<b>Carbon Emissions<sup>8</sup></b>	87,588	87,800
	<b>Carbon Footprint<sup>9</sup></b>	40	47
	<b>WACI<sup>10</sup></b>	99	96
	<b>Data Coverage<sup>11</sup></b>	94%	84%
<b>Corporate Bonds</b>	<b>Carbon Emissions</b>	120,190	80,592
	<b>Carbon Footprint</b>	51	36
	<b>WACI<sup>12</sup></b>	118	117
	<b>Data Coverage</b>	85%	62%
<b>Sovereign Bonds</b>	<b>Production Emissions Intensity<sup>13</sup></b>	143	n/a
	<b>Consumption Emissions Intensity<sup>14</sup></b>	9	n/a
	<b>Data Coverage</b>	100%	n/a

Source: 2024 BlackRock, 2023 CTI, LV=

Data provided for regulatory use only

<sup>8</sup> Carbon emissions are the annual greenhouse gas emissions, measured in tonnes of carbon dioxide equivalent emissions (tCO<sub>2</sub>e). To attribute our share of investee companies' emissions, we use our market value divided by Enterprise Value Including Cash (EVIC) of the investee company. The metric can therefore be influenced by changes in market values, total assets under management and data coverage over the period.

<sup>9</sup> Carbon footprint is the total carbon emissions for the portfolio normalised by the market value of the portfolio, expressed in tonnes of carbon dioxide equivalent emissions per million US dollars invested (tCO<sub>2</sub>e/\$m). This is our primary metric for monitoring progress against our decarbonisation reference objective

<sup>10</sup> Weighted Average Carbon Intensity (WACI) is the tonnes of carbon dioxide equivalent emissions per million US dollars of revenue (tCO<sub>2</sub>e/\$m). This is a company's carbon emissions relative to the size of the business adjusted for the weighting in a portfolio or benchmark. This is an alternative metric to measure emissions and can be influenced by revenue volatility.

<sup>11</sup> Data coverage represents the % of assets for which data is available (either reported or estimated).

<sup>12</sup> WACI figures have been realigned to correct a 2023 formatting issue. In the 2023 Sustainability Report Listed Equity and Corporate Bond WACI were reported as 117 and 96 respectively.

<sup>13</sup> Sovereign production emissions intensity is the tonnes of carbon dioxide equivalent emissions weighted by million US dollars of nominal Gross Domestic Product (GDP). (tCO<sub>2</sub>e/\$m GDP nominal). Six greenhouse gases are considered consistent with the Kyoto Protocol.

<sup>14</sup> Sovereign consumption emissions intensity is the tonnes of carbon dioxide equivalent emissions per capita. (tCO<sub>2</sub>e/Capita). Six greenhouse gases are considered consistent with the Kyoto Protocol.

<sup>15</sup> As we do not make investment decisions for, or recommend, external funds, we suggest that our members and advisers refer to the Task Force on Climate-related Financial Disclosures (TCFD) product reports of the relevant fund manager. These can be found on our website [LV.com/lv-cares](https://www.lv.com/lv-cares)

# Sustainable Mutual



Our purpose has been to help people live **financially confident lives** since 1843. Underpinning this purpose is our commitment to supporting communities where we live and work, making a positive and lasting impact. It's important to us that we're part of a society that works for everyone and our priority is to ensure that we, and the communities that we serve, are here for our members over many more years to come.

“During 2024, teams across LV= donated over 4,000 hours volunteering.”

## Community and Charity

We're passionate about helping communities both local to our offices and further afield. During 2024, we supported a variety of charities through corporate giving, fundraising, sponsorships, partnerships, volunteering and charity initiatives with the help of our colleagues.

Through colleague fundraising and corporate giving we made charity donations of over

**£100,000**

### Corporate giving and fundraising

From challenges to bake sales, we hold events throughout the year to raise money. Through colleague fundraising and corporate giving, we donated over £100,000 to charity in 2024.

A highlight from the year was a fundraising challenge which saw our colleagues walk or run a total distance of 5,675 kilometres along the South Coast in one day. As a result of the challenge, we made donations to two charities: Julia's House, a children's hospice in Dorset, and Trussell, which supports 1,400 food bank centres across the UK.

Reinforcing our belief that fostering a diverse and inclusive culture is key to the successful delivery of our business strategy, we have five diversity, equity, inclusion and wellbeing networks. During 2024, these networks fundraised for charities linked to their awareness activities such as menopause, wellbeing and LGBTQIA+ charities. These events were further supported through our corporate giving programme. You can read more about our networks on page 24.



### Sponsorships and partnerships

We're a sponsor of the Julia's House 2025 Great Tail Trail: an outdoor exhibition across Bournemouth, Christchurch and Poole helping to raise important funds for a local children's hospice.

We've supported children and adults with profound physical and learning disabilities by sponsoring a learning kitchen for Diverse Abilities in their new specialist venue, The Treehouse.

We're also delighted to be an official partner of Trussell, contributing to its 'Help through hardship helpline' and our local food banks. The helpline supports people who are struggling to afford essentials like food, heating and toiletries and aims to understand individuals' circumstances so they can receive the support they need.



### Volunteering

We're passionate about encouraging our colleagues to volunteer. Through our 'Time off to Volunteer' policy, colleagues can take up to two days each year to do something for their local community and in addition to this, they donate their time to support our initiatives and events.

During 2024, teams across LV= donated over 4,000 hours. To name but a few, community volunteering included working in charity shops, aiding the maintenance of a local protected area and community farm, and clearing litter from local beaches to protect our coastline.

## Charity initiatives

### Pennies for Charity

Our Pennies for Charity initiative supports a nationwide scheme administered by Microhive. We take the odd pennies in our colleagues' net salary and send these to a chosen charity each month. We're proud to hold a Platinum Award in recognition for the high number of LV= colleagues that contribute. In 2024, over 75% of our colleagues participated in the scheme, with the proceeds donated to Trussell to support its network of food banks across the UK.



microhive

**We're dedicated to supporting society and adding value to charities and communities we care about**

### Collecting for communities

We have collection points in our offices so colleagues can donate items to their local communities, such as pre-loved clothes for charity shops and vital supplies for foodbanks.

## Colleagues and culture

### We believe in a business that's diverse and inclusive

We embrace and celebrate our differences – diversity is our strength. We're committed to creating an inclusive culture and supportive working environment where all colleagues feel welcomed, respected and valued.

A key focus of our diversity, equity, inclusion and wellbeing (DEI&W) strategy is to ensure that everyone understands their role, responsibilities and the part they play in creating an inclusive culture. Not only do we want our colleagues to have an understanding and awareness of what DEI&W is, we'd also like them to see how they can personally have an impact, act as allies in the workplace and support the integration of our strategy, continuously living our LV= values.

“ I believe that you get the best out of people when you allow them to bring their whole selves to work. DEI&W is close to my heart and I've championed equality in the workplace throughout my career. As a leader, my job is to create an environment where people can thrive, give their very best and enjoy what they do every day – and that's how we make a positive difference for our members and customers. ”

David Hynam, Chief Executive

Our strategy is underpinned by our commitment pillars which are fundamental in ensuring our long-term commitment to our DEI&W journey.

Commitment pillar	Theme	2024 actions
Transparency	<ul style="list-style-type: none"> <li>Share our DEI&amp;W strategy and openly report data and progress internally and externally.</li> <li>Enable and encourage our colleagues to share their diversity data.</li> </ul>	We continue to encourage our colleagues to confidentially share their diversity data and 84% <sup>16</sup> have done so. This enables us to understand who we are as an organisation and provides us with insight that will help create a more inclusive environment for everyone. We're committed to extending the data to include socio-economic data and will publish our progress against our targets.
Accountability	<ul style="list-style-type: none"> <li>Ensure everyone has an equal chance.</li> <li>Reflect the world we live in at every level of our organisation.</li> <li>Zero-tolerance approach to discrimination of any kind.</li> </ul>	We have behavioural, diversity and wellbeing training for line managers and colleagues and encourage allyship to build a culture of accountability and ownership for all. We introduced a new recruitment system which allows us to use blind CVs to ensure applicants do not face unconscious bias.
Engagement	<ul style="list-style-type: none"> <li>Educate ourselves on the world around us and learn from each other – we will listen and take action. We are all different.</li> <li>Understand and remove any barriers, so everyone is confident that they have the same opportunity for success.</li> </ul>	We continued to build on our colleague-led DEI&W networks. The networks celebrate events and share stories throughout the year to deepen understanding and educate others. We encourage our colleagues to bring their authentic whole selves to work.

<sup>16</sup>This includes colleagues that responded 'prefer not to say'

## Creating a diverse and inclusive culture

Our five diversity, equity, inclusion and wellbeing networks are sponsored by members of our Executive team. Each colleague-led network harnesses a diverse range of thoughts, ideas and perspectives and they're responsible for driving initiatives and activities.

Network	Sponsor
<b>Pride (LGBTQIA+)</b>	Samantha Preece Chief Brand and Communications Officer
<b>Balance (Gender)</b>	Emma Woodford Chief People Officer
<b>Diversability (Disability)</b>	Harry Hanscomb Chief Operating Officer
<b>Respect (Multi-cultural)</b>	Deirdre Davies Chief Internal Auditor
<b>Wellbeing</b>	Jean-Marc Robert Chief Risk Officer

During 2024, the networks have driven a series of collaborations and initiatives.

- The Pride network sponsored and joined the Bourne Free 2024 Pride parade and encouraged colleagues to step forward and become LGBTQIA+ allies.
- The Balance network introduced new family friendly policies and maintained its focus on supporting colleagues affected by the menopause through our network of menopause champions.
- The Diversability network introduced a line manager guide to aid understanding and support for seen and unseen disabilities and worked with an external charity to better support our colleagues who are carers.
- The Respect network signed up to the Race at Work Charter and ran a series of sessions on unconscious bias awareness and being an inclusive ally.
- The Wellbeing network increased the number of Mental Health First Aiders and rolled out training on Positive Mental Health at Work for all line managers.

Additionally, every year, our networks come together to support and celebrate National Inclusion Week and the theme for 2024 was 'Impact Matters'.

## Achievements

Across 2024, an area of focus for us was to build pride in our culture and our DEI&W activities. We're delighted to achieve success during the year with external awards. Some of our highlights include:

- Winner of the Championing Women's Equality award at the FT Adviser Diversity in Finance Awards
- Gold award for Best Employee Experience at the European Contact Centre and Customer Service Awards.
- Highly Commended for 'Organisational Culture' at the Engage Awards and finalists for Great Place to Work and Best Diversity & Inclusion Strategy
- Finalists in five categories at the Cover Magazine Women in Protection Awards
- Women in Pensions 2024 finalist for the Organisational Award for Supporting Diversity

In addition, our Chief Executive David Hynam was recognised for his commitment to DEI&W at LV=. He was also recognised in global top 10 lists as an advocate for ethnic minorities and women and was named top global Outstanding Role Model by INvolve, an award that honours LGBTQ+ business leaders.

## Gender pay gap

We're confident that pay and reward at LV= is fair and unbiased. We believe that our gender pay gap is primarily driven by the structure of our workforce, with a greater representation of men in senior and specialist roles along with a higher representation of women in more junior roles. In 2024, we were pleased that our gender pay gap reduced to 28.4% (2022/23: 31.4%). More information can be found on [LV.com](#)

We're committed to improving gender balance across LV= and will continue to ensure that all colleagues have access to the same opportunities. For example, we will look at the talent that we already have and where there are opportunities to promote from within the business.

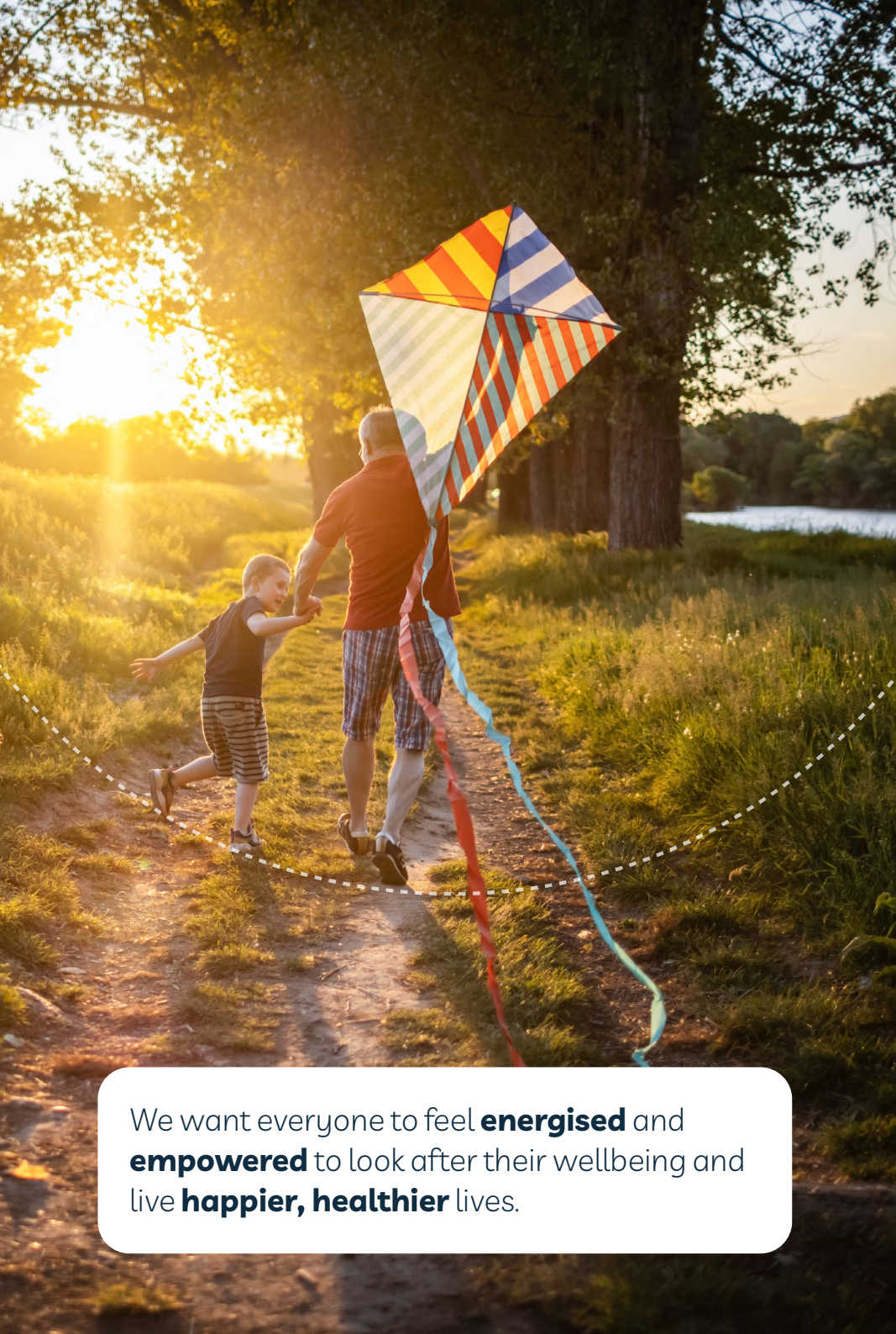
## Women in Finance

Since 2016, we have been signed up to the Women in Finance Charter – another way we're supporting gender diversity. Board-endorsed and supported by our Executive team, our aim continues to focus on increasing the proportion of women in senior positions.

Our pledge under the Women in Finance Charter was to reach an ambitious target of 43% for female representation in senior roles by the end of 2025. We're pleased that we've achieved a 43% outcome by the end of 2024, which is an increase of 1% over the last year. This demonstrates our commitment to producing a diverse pool of leaders and senior managers.

**43%**

female representation in senior roles



We want everyone to feel **energised** and **empowered** to look after their wellbeing and live **happier, healthier** lives.



### Race at Work Charter

In 2024, we became a signatory of the Business in the Community Race at Work Charter. This means we've made a collective commitment to improve ethnic equality in the workplace. We've already implemented many of the seven calls to action, including appointing an executive sponsor for race and the collection of our colleagues' ethnicity data. As of the end of 2024, 81% of our colleagues have shared their ethnicity data with us, and of those 12% have shared with us that they are ethnically diverse. Compared to the 2021 census for England and Wales, our available data shows that we have a lower proportion of colleagues identifying as ethnic minorities than the general population but when we look at the areas in which our offices are based, we more closely reflect the census data in these areas. We're committed to improving this and are taking appropriate actions, for example mandatory unconscious bias training for all our line managers and introducing blind CVs into our recruitment process. We'll continue to introduce interventions to ensure ethnic minorities are represented at all levels in our organisation.

### Wellbeing initiatives

We want everyone to feel energised and empowered to look after their wellbeing and live happier, healthier lives. We know wellbeing means different things to different people – for one person it might be about their finances or health and fitness, but for others it could be work life balance or building better relationships. We have a wellbeing space on our intranet with a wide range of resources and initiatives focused around four key themes – move, money, mind and munch. To support our wellbeing agenda, during 2024 we held both virtual and face-to-face sessions on a range of topics, such as diet, nutrition and mindfulness. We also offered flu vaccines to all colleagues. To help colleagues with their financial wellbeing, they have access to financial webinars and health checks, plus we share information about the savings they can make via our MyDiscounts scheme.



**Munch**



**Move**



**Mind**



**Money**

## Mental health and wellbeing

Support for our colleagues' mental health, wellbeing and resilience will always be important.

Throughout Mental Health Awareness Week in May 2024, we held several wellbeing events including mental health drop-in sessions across our offices and sessions with our Employee Assistance Programme provider. We ran articles on men's mental health as part of International Men's Day and provided seminars on stress and burnout, resilience and anxiety. One of our colleagues hosts a virtual meditation session every Friday, which any of our colleagues can attend.

In 2024, we gave more colleagues the chance to become Mental Health First Aiders (MHFA). MHFAs volunteer their time to provide a point of contact and reassurance for colleagues who may be experiencing emotional distress or mental ill health and can signpost appropriate support and information. Alongside this, our line managers received training on Positive Mental Health at Work so that they can signpost routes for support.

### Further information

You can find further information on equal opportunities, our DEI&W strategy and Board diversity policy on [LV.com](https://www.lv.com)



## Colleague engagement

Keeping colleagues engaged is essential to our business performance. If colleagues feel energised, fulfilled and connected and believe in what we do, they're more likely to deliver great experiences for our members and customers.

We feel passionately about continuous listening and we use our engagement tool, BeMe at LV=, to conduct regular surveys as a temperature check on how we're doing. Our survey tool has an interactive element that enables colleagues to provide details on the things that matter the most to them and allows our leaders to directly respond and acknowledge comments and feedback. This is a great opportunity for us to truly understand the feedback we're being offered and really encourages two-way conversation.

Through BeMe at LV=, we track colleague engagement, which we use as a key non-financial indicator in our balanced scorecard. Averaged across 2024, our colleague total engagement score, using the eNPS methodology, was +38<sup>17</sup>. Total engagement is comprised of four questions which focus on engagement, loyalty, belief and satisfaction. We've seen good improvements with each survey in 2024, and we're delighted that our average total engagement score is 28 points higher than the end of 2023. Additionally, on average, 88% of our colleagues shared their views and gave us feedback on each survey.

**88%**

**of our colleagues shared their views and gave us feedback**

In terms of survey themes, we have received positive feedback in the areas of colleague and management support, openness and freedom of opinion. Future areas of focus for our Executive and Senior Leadership teams will include growth, strategy and development. They'll also produce localised action plans to support the areas that will have the greatest positive impact for their teams.

We annually ask our colleagues whether LV= is taking the right actions to improve its impact on the environment and whether we have a positive impact on society and could operate more sustainably. In 2024 we received nearly 400 comments across these two areas. We had positive feedback from our colleagues about the efforts we are taking to minimise any adverse impact on the environment and about our community and charity work. The main area for development was that colleagues wanted to know more about our sustainability agenda, so this has helped shape our internal communications during the year. For more details on these priorities, please refer to our sections on operations on page 16 and community and charity on page 22 of this Report.

<sup>17</sup> Our survey provider allows us to focus on eNPS (employee net promoter score) as a measure of colleague engagement, which is an industry standard.



**We're proud** to offer our colleagues a competitive pension where we double match their contributions up to a maximum of 14%.



## Supporting colleagues

### Reward and recognition

Paying our colleagues fairly and competitively continues to be a key component of our reward strategy and helps us to foster a positive and supportive culture. To ensure competitiveness, our salaries are regularly assessed against the market using reputable survey data, and account for ongoing pay trends and wider economic factors. We firmly believe colleagues should be justly remunerated for what they do and therefore, we also consider the complexities and responsibilities of their role. As a minimum, we continue to pay at least the Living Wage Foundation rate for our entry level roles as recommended by the Living Wage Foundation, which reflects our commitments around fair pay.

We recognise that a fully comprehensive benefits offering is an increasingly valuable part of a reward package. As such, we offer a wide range of core and flexible benefits designed to help our colleagues' mental, physical and financial wellbeing – to help them be their best self in and outside of work. Our core benefits (available to all colleagues) include life assurance, a virtual doctors service, an Employee Assistance Programme and competitive holiday entitlement. Our additional flexible benefits also give colleagues a chance to select from a wider range of options, including buying and selling holiday, private medical, health assessments, dental, critical illness, personal accident insurance and our cycle to work scheme. We also have a range of retail discounts that colleagues can access.

As a company that specialises in retirement solutions, we recognise that planning and saving for the future is an important part of financial wellbeing and we're proud to offer our colleagues a competitive pension where we double match their contributions up to a maximum of 14%. The minimum employee contribution is 3% of their gross salary via salary sacrifice. We continue to increase colleague engagement around our pension, providing a range of educational tools and online sessions to help our colleagues track their savings and furthermore, effectively plan for their future.

Our colleagues are also eligible to receive a bonus on top of their base pay. This is based on both our business performance against our annual strategic goals and colleague performance based on their delivery and behaviours (how they demonstrate, and role model our company values at work).



We know that recognition for great work drives motivation and makes people feel truly appreciated and proud of what they've achieved.

Considering this, we also have a recognition platform that allows colleagues to nominate each other for going above and beyond or for living our values.

## Learning and development

In 2024, we continued to deliver impactful learning initiatives, fostering growth, connection and success across the organisation. Below are some of our key achievements.

	2024 Highlights
<b>Management Development Programme</b>	We launched new management courses in Coaching for Performance, Time Management, and Giving & Receiving Feedback, which collectively enhanced our managers' ability to lead with confidence and agility. With 1127 training hours delivered in 2024 our commitment to developing leadership skills has never been stronger. In addition, we provided support for managers in terms of protecting colleagues against sexual harassment in the workplace, which assists us in meeting our obligations under the Worker Protection Act 2023.
<b>Mentoring Scheme</b>	Our mentoring programme further strengthened its impact, with senior leaders supporting colleagues through tailored mentoring relationships. This approach fosters diversity of thought, accelerates career development, and promotes collaboration across the organisation. The quality and impact of the programme was recognised as a finalist in the British Training Awards.
<b>Learning at Work Week</b>	Our 2024 Learning at Work Week showcased the breadth of development opportunities available to colleagues, from workshops on career growth to sessions with external partners. The event highlighted our focus on continuous learning and skill building for all, with around 170 hours of learning delivered over the course of the week.
<b>Apprenticeship Investment</b>	We expanded our investment in apprenticeships with additional participants this year, reflecting our dedication to nurturing talent and building a pipeline for the future.
<b>Embracing Digital Learning</b>	Our relaunch of MindTools as a mobile-friendly platform drove an increase in engagement hours and a 34% increase in active users compared to 2023. This enhancement has made learning more accessible, empowering colleagues to develop skills on demand.

As we move into 2025, we remain dedicated to equipping our colleagues with the resources, tools and knowledge they need to thrive both professionally and personally.

# Trusted and Thoughtful Provider



The way we deliver our business is of equal importance to the products, services and advice that we offer. Through our values, we foster a culture that delivers positive outcomes for our members, customers and wider stakeholders. This also aligns with the new Consumer Duty requirements, which expanded to include products closed to new business in July 2024. Our Board Risk Committee also provides oversight to ensure we protect the interests of our members, customers and colleagues.

## Supporting members and customers

### Customer satisfaction

Our colleagues across every office are committed to delivering great outcomes for all our members and customers. We want everyone to be happy with the interactions that they have with us and the service they receive. However, we realise we don't always get things right. That's why it's important that we fix any issues that arise and learn from them.

In 2024, the Financial Ombudsman Service (FOS) agreed with over 84% of the decisions we made on complaints referred to them. This shows that we continue to be committed to providing the right outcomes for our members and customers. Any dissatisfaction that we receive is addressed as quickly as possible and over 60% of complaints we received were resolved within three working days.

The Complaints team don't just deal with complaints. They also offer additional support to vulnerable members and customers. On an individual basis, and where appropriate, they will tailor our services and signpost to our member benefits, external charities and organisations that may be able to help. We assisted over 350 members through our member support programme. This ranged from individually tailored financial support to support services for their specific situation.

You can view our full complaints summary for 2024 on [LV.com](https://www.lv.com)

**350+**

**LV= members assisted via our member support programme**

Our commitment to strong governance and a values-led culture that goes above and beyond what is required is at the core of our work as a trusted and thoughtful provider. Our members and customers rely on us to ensure they're protected from the unexpected. We believe it's important to look after our members and customers at all stages in their journey with us. This means we focus on providing great experiences in all the interactions we have, both directly and indirectly.

### Our customer and adviser ambitions and objective

As we continue to develop our customer and adviser experience (CAEXP), we've made sure that we focus on the areas that mean the most to them.

“ Customer satisfaction is **73%** more likely when the entire journey works well instead of when only the individual touchpoints do. ”

We're committed to ensuring that the interactions customers have with us directly, or indirectly through their adviser, are those which would be expected from a trusted and thoughtful provider. To support this, we've created customer and adviser ambitions.

#### Our Customer Ambition

To treat our customers fairly, consistently meeting their expectations and shining at the times it matters most.

#### Our Adviser Ambition

Build trust and confidence with advisers, provide a reliable experience and work in partnership with them to deliver good customer outcomes.



### Customer and adviser NPS key performance indicators (KPI)

One of our five KPIs is 'Best Loved'. This means we assess our success on our ability to deliver excellent customer experiences while consistently treating customers fairly.

We measure this KPI through our customer and adviser Net Promoter Scores (NPS), which separates our members, customers and advisers into a proportion of 'promoters' and 'detractors'.

Our promoters are defined as those that give us a score of at least 9 out of 10.

Through our customer insights, we know that easily obtaining accurate information matters as does their experience when interacting with our colleagues. That's why our customer experience ambitions target the service we give and the feedback from our customers and advisers.

### What's next for CAEXP

Members, customers and advisers have also told us that they want to see a continued focus on our digital offerings. We'll continue to invest in these, enabling us to continue building trust and confidence with our advisers and being there for our customers at the times it matters most.

### Customer feedback

“ I would like to **express my gratitude** to the team for all their kind, professional and considerate approach throughout the process of my claim. I have found the whole process of my diagnosis, surgery and ongoing recovery very hard to say the least. From the very first phone call to the ongoing process of the claim to the last call I had, I could not have wished for a more considerate and caring team. ”

“ Your actions have provided a **huge sense of relief** at what has probably been one of the most stressful situations of my entire life. Your support will never be forgotten!! ”



## Engaging with our members

Our members are at the heart of all that we do – that’s what being a mutual is all about. Through our products, services and advice, we look after our members’ families, futures and finances. We’re also dedicated to providing members with a variety of ways and opportunities to have their say, engage with us and stay informed.

Through our Annual General Meeting (AGM), members are invited to have their say on the running of the business and attend the Meeting to hear directly from the LV= Board. Members can also join our Member Community, ensuring their voices are being heard on a variety of topics. Community members can take part in a range of quick polls, discussions, focus groups and surveys.

During 2024, Community members provided feedback on various research topics, including their views on environmental, social and governance investments, the important factors when choosing a life and pensions provider, and mutuality messaging. We also surveyed our members’ views on customer service expectations and preferences. We know how important it is to give our members the right service and options on how they contact us; through the Community we explored our members’ thoughts about two key additions to our customer experience – a call back option and live chat service. Both of which launched during the year after a positive response.

Members of the Community were also given another exclusive opportunity to ask our CEO a question. This can be viewed on our website: [LV.com/community](https://lv.com/community)

Both the AGM and Member Community enable members to keep up to date with the business and take part in conversations with us, helping to shape the running and future direction of LV=.

We send a quarterly member email, which includes a regular round up of news and insights – all of which can help members whenever they might need it.

Our Wealth and Wellbeing Research Programme celebrated its fourth year during 2024. Each quarter, we survey the nation about financial matters and gauge consumer sentiment on a range of topical issues. The hub on our website is a space for members to read the latest results from our research and access useful resources and guides that could help them increase their financial awareness and plan for a secure future – helping them to live financially confident lives.



Risk management **is key** to the success of LV=.



## Risk Management

Risk management is key to the success of LV=. We operate an integrated risk management framework (LV=RM) which brings together key processes and activities across the business to ensure that our members' and customers' security is at the forefront of our decision making.

Our wider LV=RM framework seeks to manage the potential risks arising from climate change and to avoid wider business sustainability issues – this is embedded throughout our financial and operational decisions, investment strategies, and the activities to support our communities, members, customers and colleagues.

### Integrating sustainability into the LV=RM framework

The LV=RM framework is owned by our Chief Risk Officer on behalf of the Board. It provides a systemic set of processes, tools and behaviours which allow senior management to respond effectively to potentially significant internal or external events that could impact the delivery of the business strategy. The LV=RM also enables us to enhance our business and risk-based decisions, while ensuring that we remain compliant with regulatory and legislative requirements, as well as with our internal policies.

Climate change and wider sustainability risk considerations have been incorporated within the existing LV=RM framework, as set out in the table below. They are categorised as drivers of other risks. For example, climate-related risks are a driver of market risk through the fluctuation of market values from the transition to a low-carbon economy.

LV=RM Element	Description	Relevance for Climate Change and Sustainability
<b>Risk Universe</b>	The risk universe is a standard set of key risk categories where we have, or are likely to have, material risk exposures. These are used for identifying, reporting and modelling our risk exposures.	Climate change risk has been classified as a driver of other potential risks, rather than a standalone risk – this reflects its wide-reaching potential impact. Climate change, and sustainability in general, may impact and evolve other risks within the risk universe. For example, the financial markets risk will change depending on the chosen investment strategy, which is influenced by our sustainability strategy. Potential movements in climate-related exposures are monitored and reported within the annual Own Risk & Solvency Assessment (ORSA) Report.
<b>Risk Appetite</b>	These are a set of statements and supporting measures which clearly state the level of risk that the Board is willing to accept to achieve our business objectives.	The risks from climate change and sustainability are reflected within the risk appetite framework of the business. Appetites relate to both financial and non-financial risks. Additional climate-specific risk indicators were introduced in 2023 to provide oversight over the level of risk.
<b>Risk Policies and Standards</b>	These set out how the Board expects the key risks within the risk universe to be identified, categorised, assessed, controlled, monitored and reported.	While climate change has been classified as a driver of risk, it has been explicitly flagged within the relevant risk policies and standards to ensure that any potential future impacts are given due consideration and reflect the long-term nature of the associated exposure.
<b>Own Risk and Solvency Assessment</b>	The ORSA processes facilitate the timely and effective identification, assessment, monitoring and control of our risk, capital and liquidity positions on a current and forward-looking basis.	Risks to the business are assessed on an ongoing basis through the ORSA-related processes. These include assessing the potential impact of ESG-related factors on the risks and identifying any further emerging risks and opportunities.  The scenario analyses, performed to support the ORSA and other business processes throughout the year, explicitly consider climate-related exposures and the potential implications within the scenarios.
<b>Management Information and Reporting</b>	The provision of complete, accurate and timely management information to senior management and the Board allows them to discharge their risk management responsibilities and to facilitate effective risk-based decision making.	Insights on the sustainability of our investments is provided to the Investment Committee on a regular basis and included in any new investment proposals.  Where appropriate, sustainability factors are also included within reporting to the Board or Board committees to ensure there is appropriate consideration within key decision making.

## Risk governance

We operate a three lines of defence model as part of our day-to-day risk management. This is set out within a Board-approved risk mandate. The Board delegates certain oversight of risk matters to the Risk Committee, which together with the Executive Risk Committee, the Chief Risk Officer and the Risk Management team ensure that the business is operating in line with the requirements of the LV=RM framework.

The roles and responsibilities across the three lines of defence model are included within the LV=RM Framework. and are allocated as follows.

- **First line of defence:** led by the Chief Executive, who is supported by the Executive and Senior Leadership team. The Executive team is accountable for the management of risk, including identifying, assessing, managing and reporting on the risk profile on a current and forward-looking basis. The Sustainability Committee, with representation across the business, supports the delivery of the sustainability strategy and the consideration of sustainability-related risks and opportunities.
- **Second line of defence:** led by the Chief Risk Officer (CRO), who is supported by the wider Risk Management team (including Compliance and the Chief Actuary functions), as well as other risk management colleagues and the Board Risk Committee. The Risk Management team develops and directs the implementation of the LV=RM framework, including monitoring and reviewing compliance with the framework across the business. Any material breaches are escalated to the Board. In 2024, the Risk Management team led the ongoing development of the scenario analysis, which supports greater understanding of the materiality of our climate change exposures, and performed an anti-greenwashing review to ensure the correct processes are in place and being used across the business.
- **Third line of defence:** led by the Chief Internal Auditor, who is supported by the Internal Audit team and the Audit Committee. The Internal Audit team provide independent and objective assurance to the Audit Committee and Executive team on the effectiveness of the systems of risk management and internal controls across the business.

## Identification and assessment of sustainability-related risks

We identify any developments in sustainability-related risks through the annual refresh of our risk universe and emerging risk register. Existing risks are also monitored on an ongoing basis by both Line One and Line Two teams – this is to ensure the timely identification of any change in the risk profile of the business.

A risk workshop, attended by the Chief Risk Officer, Chief Investment Officer and Chief Actuary, was held during the year to discuss the potential risks and opportunities from climate change and the wider sustainability risks.

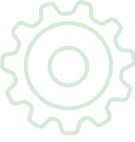
We've continued to monitor the two climate risk indicators, introduced in 2023, to support our understanding of climate-related risk exposures. These indicators provide a view on the exposures to transition risk across the investment portfolio, as well as the operational emissions of the business. The monitoring of these indicators helps to identify possible shifts in exposure and enables timely escalation if required.

A key related risk arises through developments in regulatory requirements, both existing and those emerging over time. We have a dedicated Compliance team within the second line of defence which monitors regulatory requirements and ensures appropriate action is taken to respond to requirements, including in relation to climate change. The Sustainability Committee also monitors progress against regulatory requirements and seeks to drive forward the embedding of our sustainability strategy across our operations.

The financial impact of climate change risks are assessed quantitatively, where possible, through stress and scenario testing. Stress and scenario testing is a key tool in assessing the potential materiality of risks. In 2024, this focused on using scenario analysis to assess the potential exposures identified in the risk workshop. A combined risk scenario was also used to provide an indication to management of the potential exposure which could occur if several climate-related stresses were to apply at once. Please refer back to the climate scenario analysis section on page 13 for the assumptions and scenarios used. The outputs of the stress and scenario testing are used to determine the relative significance of risks and assist with decisions on whether additional risk mitigation actions should be considered.

Climate change risk also involves considering wider or secondary impacts which are not readily modelled within our quantitative assessments. For example, we consider the potential indirect implications for the business arising through counterparty/supplier exposures or the reputational risk posed through inaction. We seek to enhance our understanding of these risks through regular discussion with business representatives at our Sustainability Committee.

We are adopting a coordinated approach to the integration of sustainability risks, including those from climate change, into existing risk management processes, across the identification, assessment and management of risk to LV=. As we determine the economic benefits of risk mitigation actions that specifically relate to climate change, we consider three factors: uncertainty in how climate change and wider sustainability risks may develop, our ongoing need to enhance our climate scenario analysis methodology, and the data available for use in our analysis. Through this approach, we aim to provide the most appropriate, and proportionate, protection for our members and customers through our reinsurance and hedging strategies.



## Governance

The Board continues to sponsor our sustainability strategy and plays a key role in supporting our net zero ambition and plans to develop a detailed climate transition plan of how to achieve this goal. The Board is committed to assessing and addressing the financial risks associated with climate change and the framework to support this continues to be embedded and enhanced within our governance and risk management processes. The Board, with support from the Investment, Risk and Audit Committees, has mandated and monitored this progress throughout 2024 and continues to ensure appropriate oversight is maintained and enhanced over time. Our governance structures have been designed to achieve integration of the sustainability strategy into what we do across the business and leverages existing Board meetings and other Board committees to oversee this.

### Management's role

Our Chief Executive (CEO), David Hynam, has assumed overall responsibility for sustainability as Chief Sustainability Officer (CSO). He is responsible for the development and delivery of our strategic plans, which also include climate change. As a member of the Board, David is well-positioned to raise opportunities and any issues to the Board when required.

Our Chief Risk Officer (CRO) continues to be responsible for climate risk, in line with requirements set out in the Prudential Regulation Authority's Supervisory Statement 'Enhancing Banks' and Insurers' approaches to managing the financial risks from climate change'. The CRO is responsible for integrating the management of financial risks arising from climate change into the LV=RM framework, advising the Board on our financial exposure to climate risk and challenging the business to identify, measure and mitigate climate-related risks. See the risk management section on pages 32 to 34 for further information.

The Board receives regular reports from both the CEO and CRO, which provide updated perspectives on key risks and opportunities across the business, including sustainability where appropriate.

Committee	Sustainability discussion	2024 committee activity
Investment	4/4	The Investment Committee regularly considered the progress made in relation to our strategic aims and continued to monitor ESG metrics on the core With-Profits Funds. Development and approval of our 2030 net zero targets was a key focus and management information has been enhanced to track progress.
Risk	2/4	The Risk Committee continued to oversee sustainability risk, receiving updates on sustainability disclosure requirements and diversity, equity and inclusion. In response to newly released regulation, the committee commissioned a specific review of anti-greenwashing to ensure we have appropriate governance in place to maintain our high standards for public disclosure. In addition, the committee met in June 2024 to review the Own Risk and Solvency Assessment (ORSA) Report, which includes meaningful consideration of developments in the financial risks associated with climate change.
Audit	2/6	The Audit Committee supported our sustainability report development and ultimately approved it, with a focus on Task Force on Climate-related Financial Disclosures (TCFD) and Companies Act regulatory requirements.

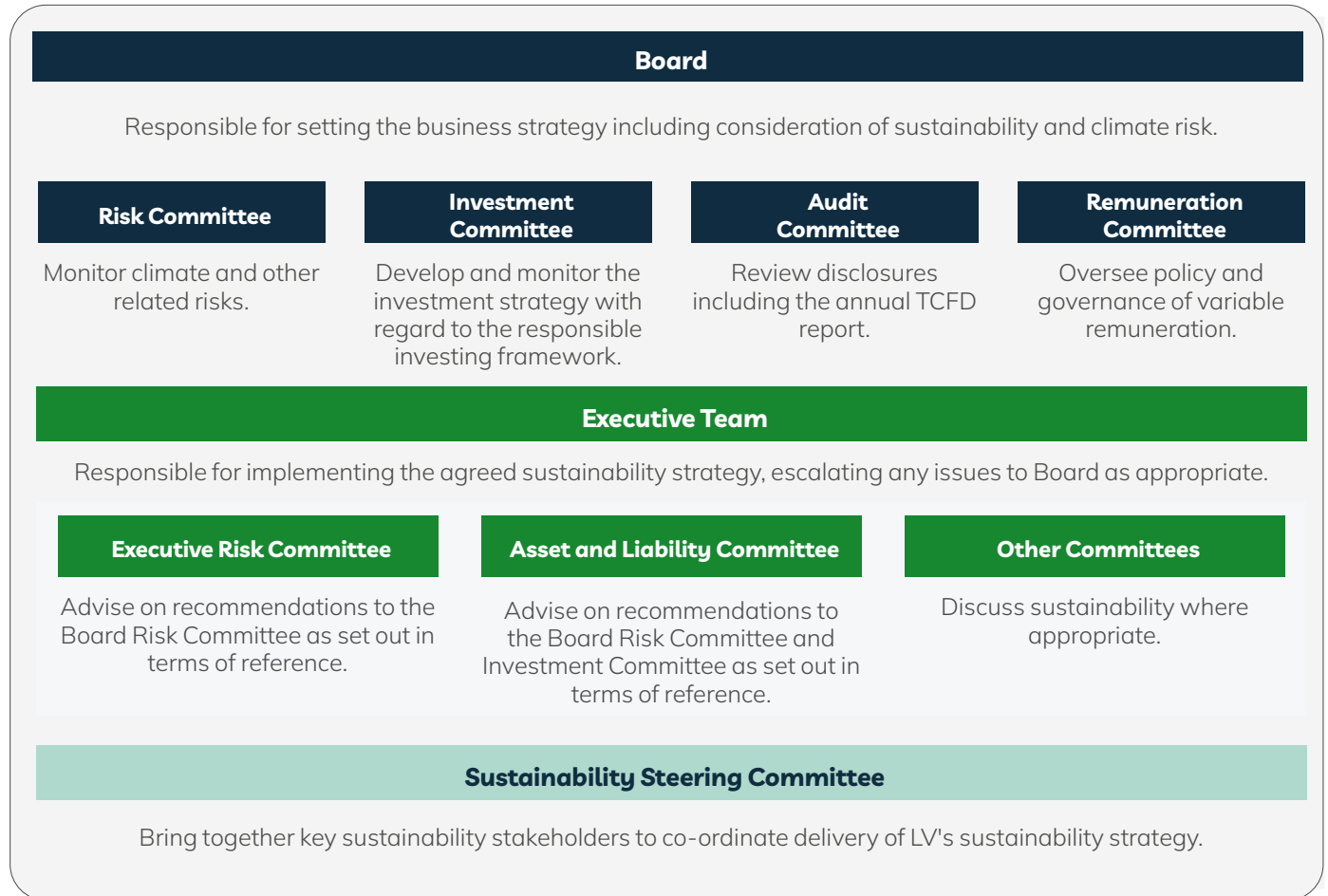
## Sustainability Committee

The Sustainability Committee, chaired by our Chief Executive, brings together key stakeholders from across the business to drive change and deliver and evolve our sustainability strategy.

The membership includes the Chief Risk Officer, Chief People Officer, Chief Commercial Officer, Chief Investment Officer, Operational Resilience Director and Head of Third-Party Management. The seniority of the membership demonstrates our commitment to sustainability and supports the Chief Executive in implementing the sustainability strategy across the business. Issues raised at the Sustainability Committee can be escalated, where required, to the wider Executive team.

Over 2024, the committee met eight times with key activity including:

- supporting delivery of our first TCFD entity and product level reports, articulating what we do to help our members, colleagues, community and environment
- monitoring the key risks and opportunities for the business including changes to the regulatory environment and assessing resilience to potential climate-driven events
- reviewing our plans to achieve our net zero ambition including the development of 2030 investments targets.



## Training

Ensuring we develop awareness of sustainability and climate change issues is essential to strong governance.

Building on Sustainability and Audit Committee training delivered during 2023, we increased our communications activity to embed and raise awareness of our sustainability strategy throughout the organisation. Over the year, this included team training sessions across the business and coverage on our communication channels.

## Remuneration

The key performance indicators in our balanced scorecard are currently split between financial (60%) and non-financial (40%) measures. In 2024, the Remuneration and Nomination Committee assessed our performance as above plan. This result reflects the capital management actions taken to improve the strength of the balance sheet and our focus on colleague engagement, member outcomes, and diversity, equity, inclusion and wellbeing activity. In developing our climate transition plan, we'll consider how we set appropriate future performance targets.

## Financial crime

The robust systems and controls that we have in place via our financial crime policy continues to effectively prevent financial crime and losses across LV=. Over 2024, we successfully prevented financial losses of £9.7m through protecting our members, customers and the wider business from potential financial crime. We continue to do this by, for example:

- carrying out verification checks to ensure we're dealing with the appropriate individual and we know where funds are transferring from and to,
- carrying out enhanced due diligence on higher risk customers,
- investigating suspicious policy applications and insurance claims,
- reviewing pension transfers to protect our members from potential pension scams.

Data vishing is another form of financial crime, where an individual may use a false identity to gain personal data. More information about data vishing and how we deal with it can be found on [LV.com](#)

## Bribery and fraud

The financial crime policy mentioned above includes a framework for mitigating crime that may arise from bribery and corruption, fraud, money laundering, terrorism proliferation financing, facilitation of tax evasion and financial and market abuse. Our Financial Crime team monitors adherence to this policy across the business.

To help detect and prevent bribery and fraud, our colleagues can report any suspicious activity or wrong doings via our 'Speak Up' service.

## Human rights and modern slavery

We understand the importance of human rights and, as a responsible business, we have fair and transparent employment and supply chain practices in place. We have no tolerance of slavery and human trafficking and have continued to consider ways to minimise the risk of modern slavery in our business and our supply chain. To support us in meeting our modern slavery responsibilities, we developed a third-party code of conduct for our suppliers and ensure colleagues are appropriately trained, and supported via our Employee Assistance Programme and Speak Up policy.

You can read our full Modern Slavery Statement on our website at [LV.com](#)



## Collaboration for change

During 2024, we participated in various sustainability-related surveys and engaged with industry forums to share our journey and our future ambitions. Our motivation is to encourage collaboration and share best practice between companies, which we believe is required to tackle the climate crisis. Greater transparency and collaboration will enable firms to learn from each other helping drive forward the green transition.

We are supporting the voice of the mutual sector both in the UK and globally as members of the Association of Financial Mutuals (AFM) and the International Cooperative and Mutual Insurance Federation (ICMIF). Working alongside other mutual businesses, we collaborate to promote the concept of mutuality, share best practice and ensure our businesses deliver for our members, customers and other stakeholders. In May, we held a webinar to share our approach to engaging with our members, raising awareness of the LV= Member Community and the important role they play in making a better LV= for everyone. We also continued our support for the ICMIF Young Leaders programme. Across both forums, we participate in a wide variety of working groups and forums including sustainability, collaboration, consumer strategy, training and development, regulatory strategy and public affairs.

As an equity release provider, we're a member of the Equity Release Council. The Council is focused on the key themes of representative lobbying, leading and setting high standards for consumers, and awareness through thought leadership of how housing wealth can help many financial challenges. We're also a member of the Funders Forum, which brings together a group of equity release providers to discuss the challenges facing the industry, including climate change. In Q3 2024, the Funders Forum published a Retrofit Lifetime Mortgage Product Guidance, which is an innovative product design to help encourage customers to improve the energy efficiency of their home. This will have a positive contribution to the UK's net zero campaign.

## Appendix A: Data and scenario analysis

The metrics within this Report are based on information from third-party sources which have not been independently verified by LV= and LV= therefore does not warrant that any information from third-party sources is accurate or complete. All information presented is intended to meet regulatory purposes only and should not be relied upon for investment decisions. The investments metrics provided are in line with the Greenhouse Gas Protocol, a globally recognised standard for the reporting of greenhouse gas emissions.

Forward looking metrics, such as climate value-at-risk and implied temperature rise, measure estimated losses from climate change and assess alignment with the Paris Agreement. Our intention is to incorporate these metrics in future versions of the TCFD reports once there is sufficient data coverage, and we understand the associated modelling and limitations of the data being presented.

We report investments carbon data for Scope 1 and 2 emissions. Many companies do not yet disclose Scope 3 information and we do not currently include Scope 3 in our investments metrics.

Emissions data is widely available for developed market large-cap companies, but more gaps exist in small cap, emerging markets and private companies. In the absence of self-reported data, emissions can be estimated and our metrics include approximately 10% of estimated data.

The asset classes not currently included are derivatives, cash, property investments, privately held equities, commercial mortgage loans and equity release mortgages. The carbon emissions data for these asset types are less available and harder to quantify in comparison to publicly listed corporate bonds and equity. We expect to increase data coverage in the future as access to data and industry best practice develops.



## Appendix B: TCFD Index

This Report brings together sustainability disclosure information in accordance with the Task Force on Climate-Related Financial Disclosure entity reporting requirements. The table below outlines the 11 recommendations for inclusion in climate reporting and the reference where information can be found within this Report.

TCFD Pillars	Recommended Disclosures	Reference
<b>Governance</b> Disclose – the organisation’s governance around climate- related issues and opportunities.	a. Describe the Board’s oversight of climate-related risks and opportunities. b. Describe management’s role in assessing and managing climate-related risks and opportunities.	<b>Trusted and Thoughtful Provider:</b> Governance
<b>Strategy</b> Disclose – the actual and potential impacts of climate-related risks and opportunities on the organisation’s business, strategy and financial planning where such information is material.	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term. b. Describe the impact of climate-related risks and opportunities on the organisation’s business, strategy and financial planning. c. Describe the resilience of the organisation’s strategy taking into consideration different climate-related scenarios including a 2°C or lower scenario.	<b>Safeguarding our Environment:</b> Strategy
<b>Risk Management</b> Disclose – how the organisation identifies, assesses and manages climate-related risks.	a. Describe the organisation’s processes for identifying and assessing climate-related risks. b. Describe the organisation’s processes for managing climate-related risks. c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation’s overall risk management.	<b>Safeguarding our Environment:</b> Risk Management
<b>Metrics and Targets</b> Disclose – the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks. c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	<b>Safeguarding our Environment:</b> Metrics and Targets

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