Our corporate responsibility approach is focused on supporting our customers and members to Live Confident. Being a mutual, we think confidence unites everyone and it’s this ethos that helped us to shape our approach. The four key areas we believe will help show the LV= difference are putting our customers at the heart of our business, looking after our people, investing in our communities and caring about our impact on the environment.

Our people

Our people donated over 5,700 volunteering hours

Communities

Community investment
Community partnerships
Community fundraising
Member support

Investing in our communities

Responsible business practice

Responsible business

Customer satisfaction
Financial crime
Human rights and modern slavery
Suppliers and procurement
Responsible investment

Safeguarding our environment

People and culture

Diversity
Employee engagement
Reward and recognition
Wellbeing

Our people and culture

Environment

Carbon footprint
Energy
Business travel
Waste

Responsible Safeguarding our communities

Our people business practice

Mary Stewart
Brand and Marketing Director
Investing in our communities

As part of our external review with London Benchmarking Group, we have been able to review the impact of our community initiatives. Our support has been focused in three key areas again this year – health, social welfare and education. In 2018 we gave £608,074 in time and donations to good causes. This included £116,805 worth of volunteering, £307,443 in corporate donations and matched funding and £183,826 in employee fundraising.

Community investment

Community investment for 2018 includes not only the donations given to local good causes and groups, but also the financial benefit through volunteering. Using the benchmarking results we can report that we gave over 5,700 hours worth of time and expertise, which amounts to an investment of over £116,000 across all activity.

Our regional community committees have continued to support our local communities with various fundraising activities and donations. The committees are made up of volunteer employees, and have a small budget to help support the areas where our people work and live and to increase engagement between teams. The budget that regional community committees received and distributed to local causes was £75,000. The majority of this was used to support health and social welfare. The committees have developed long-standing relationships with a variety of community projects, one example of this is the support the Ipswich team have given to the local theatre company. You can read more below.

Community partnerships

We continue to support various partnerships across the UK.

LV= KidZone, now in its 12th year, has grown in size with this beach safety scheme now covering both Bournemouth and Poole beaches.

Working with Bournemouth Council and the RNLI, the team keep children safe on the beach. With the long, hot summer enjoyed across the UK in 2018, the beaches had a record number of visitors coming to the area. The beach team handed out over 72,000 wristbands, a 68% increase on 2017. With the increase in area covered and the number of people on the beach the scheme not only had to recruit additional team members but we also had to open earlier, during the May bank holiday. 192 children were reported missing and reunited with their families, a reduction from previous years reflecting the benefits of higher scheme participation and awareness by families.

Age UK’s Call in Time is now our longest volunteering partnership. We have 40 volunteers making weekly calls as part of the charity’s telephone befriending scheme. We have regular contact with Age UK to make sure that our volunteers are still making a positive difference to isolated older people. We are also reviewing other opportunities to partner with Age UK to help support their programmes.

This year is the fourth year our regional community committee in Ipswich chose to support the Wolsey Theatre’s Creative Learning team, engaging with young people across Suffolk. The creative team use the arts to develop creativity, unlock potential, explore diversity and celebrate identity. The creative team delivers a five week tour to around 50 primary schools and a three week tour to at least 15 secondary schools each year.

In 2018, we funded over 1,000 children from across the county to see Based on a True Story. It was an interactive show that introduced them to the ideas of difference, and the positive impact we can have on the lives of others when we realise that we all have more in common than we might think at first. Our support allowed for these sessions to be free to children in years 3 and 4, and the show supports the teaching of the Key Stage 2 PSHE curriculum.

In total, over 4,000 young people have benefited from the shows, introducing them to key themes around difference and diversity. The aim is to encourage them to explore how preconceptions about others can potentially shape behaviour towards them.
Community fundraising

Our charity matching scheme boosts our people’s fundraising activity by matching £ for £ the amount raised up to £500 per employee or £1,000 per team. Matching applications were made for the fundraising by over 120 of our people which raised £115,062 for charities and we matched £50,477, boosting the donations to good causes that are close to our people’s hearts. Payroll Giving contributed an additional £30,500, this scheme is an easy way for employees to donate on a monthly basis to their favourite charities.

2018 was our ninth year supporting Pennies for Charity; over this time our people have given an incredible £102,430 to over 50 local charities just from the odd pence from their net monthly pay. We vote every year on the charity to benefit from the regular donation, each office selects their favourite beneficiary for the following 12 months. In 2018, we selected eight new charities that between them received £16,716. The charities ranged from a homeless shelter in Bristol to a local group in Exeter who support children through bereavement.

Fundraising activity in our offices raised an additional £21,549 for local and national charities. This included £11,261 raised for national campaigns such as Sport Relief, Macmillan Coffee Morning and Children in Need through activities including cake sales, raffles and tuck shops. For the 12th year, over 100 volunteers took calls as part of our Children in Need call centre on the appeal night in November. We had a busy night taking calls and donations totalling over £50,000; the evening was opened by Tim Bunting, the charity’s Head of New Partnerships.

Member support

Our Member Support Fund has helped 56 members through difficult or unusual times. The support can be practical or financial. We received applications for a variety of reasons, many from members facing financial difficulty as a result of health issues or family problems. We have provided financial support to people going through extremely difficult times. The total cost of the Member Support Fund was £50,815. Visit LV.com/members for more stories about how the fund has helped our members.

There are several benefits to being a member with LV=, we offer discounts between 5-10% off various insurance policies. Members can request the reduction off car, home, pet, travel, caravan, motorcycle or classic car insurances. Members also have access to telephone based legal advice along with health, wellness and counselling services. During 2018 there was an increase in the number of members calling our free care line service, with over 1,300 calls made.

Our Member Support Fund has helped hundreds of members since it launched. It’s part of Green Heart Support and provides support for customers and members going through a difficult time. We received an application from Mark who had recently undergone back surgery and needed practical support to help a career change take off. The practical support available to members was exactly what Mark needed.

After his injury, Mark was unable to return to work due to the manual nature of his job and was at a loss as to what to do next. Mark spent a year hoping he would be able to return to his old job, but the reality that this would no longer be an option eventually set in. Mark held income protection insurance with us which supported him through this time.

In addition to a financial pay out each month, his policy included treatment from a certified occupational therapist to help him regain his strength and movement. Mark had been considering a career change so he decided to train to become a woodworker and he enrolled on a self-funded course to gain the skill he needed to start up his own business.

Mark’s new business was keeping him busy and he was enjoying his new career, but he needed two vital pieces of equipment that would mean he could do more in less time. Our Member Support Fund provided essential investment in his future, and allowed him the budget to grow his business.
Environment

Our commitment to helping to protect the environment is still a priority. There are several schemes already in place and with the implementation of an environmental strategy in 2019, we are looking into opportunities to become an even greener business. Target setting will allow us to benchmark our activity; goals and incentives will provide opportunities for our people to proactively assist in reaching these.

Our existing waste management policy is focused on reducing the rubbish that ends up in landfill sites. Contractors collect general waste from our offices, this is then processed at recycling centres to ensure all recyclable items are removed and ultimately diverted from landfill.

Reducing our carbon footprint is still an area we are committed to and we continue to work on implementing ways to reduce this, including the power management tool Nightwatchman. We are also signed up to two government incentive energy saving schemes – the energy efficiency scheme for measuring carbon footprint and the energy saving opportunity scheme (ESOS) to manage improvements to energy within our buildings.

### Greenhouse gas emissions

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon emissions (tonnes CO2 equivalent p/employee)</td>
<td>0.76</td>
<td>0.79</td>
</tr>
<tr>
<td>Purchased Electricity</td>
<td>0.44</td>
<td>0.45</td>
</tr>
<tr>
<td>Purchased Gas</td>
<td>0.07</td>
<td>0.08</td>
</tr>
<tr>
<td>Business Travel (land)</td>
<td>0.21</td>
<td>0.20</td>
</tr>
<tr>
<td>Business Travel (air)</td>
<td>0.04</td>
<td>0.06</td>
</tr>
</tbody>
</table>

### Energy usage

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<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>(tonnes CO2 equivalent p/employee)</td>
<td>0.51</td>
<td>0.51</td>
<td>0.53</td>
</tr>
</tbody>
</table>

### Business Travel

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>(tonnes CO2 equivalent p/employee)</td>
<td>0.30</td>
<td>0.25</td>
<td>0.26</td>
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</tbody>
</table>

### Waste

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>(tonnes)</td>
<td>635</td>
<td>645</td>
<td>683</td>
</tr>
</tbody>
</table>

### Recycling

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>(as a % of overall waste)</td>
<td>96%</td>
<td>95%</td>
<td>95%</td>
</tr>
</tbody>
</table>
Responsible business practice

Customer satisfaction
At LV=, we pride ourselves on our customer service; our awards and accolades show that we continue to deliver excellent customer service. In 2018 we were awarded the Moneywise most trusted life insurer for the sixth year in a row.

Our teams work hard to give our customers and members the best service, however from time to time things can go wrong. When this happens we do our best to make sure that we put it right and ensure our customers receive a fair outcome. This is reflected by the number of appeals that were upheld by the Financial Ombudsman Service (FOS) in our favour.

<table>
<thead>
<tr>
<th></th>
<th>Complaints received 2018</th>
<th>Referred to FOS 2018</th>
<th>Outcome in LV=’s favour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life</td>
<td>2,560</td>
<td>4%</td>
<td>92%</td>
</tr>
<tr>
<td>Heritage</td>
<td>687</td>
<td>3%</td>
<td>83%</td>
</tr>
<tr>
<td>Legacy business*</td>
<td>1,876</td>
<td>1%</td>
<td>100%</td>
</tr>
<tr>
<td>General insurance</td>
<td>18,602</td>
<td>3%</td>
<td>78%</td>
</tr>
</tbody>
</table>

* Mainly PPI claims against our legacy banking business.

Financial crime
In 2018, we prevented over £70m being lost through fraudulent activity. Fighting financial crime will remain central to our activities and is why we continue to examine our processes and look to find any possible weaknesses that may lead to LV= being subject to fraud.

We have reviewed our group approach around sanctions, money laundering and terrorist financing risks. As a result, our processes have been enhanced and our systems reviewed and developed; significantly strengthening our position.

Data Vishing, the illegal access of data and data theft, increased in 2018. This has negatively impacted the level of fraud losses and the associated operational costs. We are hopeful that the Civil Liabilities Act 2018, also known as Whiplash Reform, and the FCA’s pension cold calling ban, will reduce this activity in 2019. Our internal Vishing App provides employees with an easy way to report nuisance or impersonation calls. The App also provides data that is regularlyanalysed to allow us to proactively identify emerging data threats. The ability to alert appropriate regulators or agencies aids the disruption of criminal activity and can lead to enforcement action.

Launching in January 2020, the fifth Money Laundering Directive will require us to ensure any new compliance expectations are met and embedded across LV=.

Bribery and fraud
Detecting and preventing fraud and bribery continues to be a priority for us in 2018. Our ‘Speak Up’ service is a confidential hotline and mailbox, where our people can report any suspicions of wrong-doing in confidence that their concerns will be taken seriously, and without any fear of recrimination. The service is operated by our internal audit team, providing a genuinely independent way to report concerns, and is overseen by our Speak Up Champion. The Speak Up service is operated in accordance with the requirements set out by the FCA and PRA. We regularly promote the service internally to ensure teams are reminded of how to report concerns.

Human rights and modern slavery
We continue to adhere to fair employment practices and acknowledge our responsibilities to human rights. We publish our approach and confirm the actions taken to assess and mitigate against any risk of modern slavery and human trafficking occurring in our business and supply chain. More information can be found on LV.com.

Suppliers and procurement
LV= partnered with Hellios Information Limited, an external company, to manage Financial service Supplier Qualification Systems (FSQS). Hellios is a UK based company with extensive experience in collecting and maintaining supplier data. FSQS is a due diligence system which supports collation of compliance and assurance information. As part of our standard assurance activities suppliers are requested to complete the FSQS qualification and compliance process. It’s vital we have robust systems in place in order to respond to regulatory change and to demonstrate that we are proactively striving to minimise risk across our supply chain.

After our first year of membership we are delighted that we now have over 500 suppliers added to the system.

Green Heart procurement
In 2017 we reported that we had signed up to the Buy Social Corporate Challenge, which aims to have £1 billion of spend with social enterprises by the end of 2020. One aim of the challenge is to encourage corporates to support social enterprises to grow their revenues and impact by tapping into existing corporate purchasing. Our social

£70m prevented in fraudulent losses
Our partnership with WildHearts was the start of our social enterprise journey in 2018, the process was simple but the impacts made have been incredible. We are proud that just by switching our stationery supplier we have made a positive change to over 900 lives in under 12 months.

WildHearts Group is a portfolio of companies that, through their activities and profits, create global social change. Their ‘Business for Good’ offers a variety of ways that business can help address the country’s and the world’s most pressing problems through their purchases of goods and services.

The social initiatives are diverse, from addressing social mobility in the UK by equipping young people with key development and employability skills, to addressing gender inequality in the developing world.

Just through changing who we buy our paper, pens and envelopes from we have helped people across the world.

300% increase in our social enterprise partnerships spend

Here’s what we’ve been able to achieve through our partnership with WildHearts

Microfinance
We have transformed 657 lives globally through ‘microfinance’, a scheme that provides banking and related financial services to those who have traditionally been excluded. WildHearts funds loans that enable our predominantly female clients to set up small businesses. Alongside this, they are provided with relevant training that equips them with the necessary skills and resources to run their businesses sustainably. This support helps women to become self-sufficient for their daily needs and over time, to work their way out of poverty. The money women earn helps to provide food security for their families, better housing, access to healthcare and an education for their children. Microfinance estimate that each loan will impact five lives directly.

Love to Learn
Our support provided 328 Love to Learn packs that contain essential materials for learning such as paper, pencils and rulers, enabling girls across the world to go to school and gain a good education.

One of the main barriers to educating girls is gender discrimination. In many countries across the world, young women do not complete secondary school education, meaning they not only leave school without the basic reading and writing skills but they are also removed from the safe and secure environment that school offers. By providing this essential education equipment to girls it can help parents to fund the costs of sending them to school.

Responsible Investment
Working with Columbia Threadneedle Investments and Blackrock as our key investment partners we can make sure that we are responsibly investing our customers’ money. Our investment partners are both signatories to the UN’s Principles for Responsible Investment and the UK Stewardship Code on Corporate Governance. This means investment decisions are made not only based on financial performance but also on environmental, social and ethical factors.
Our People and Culture

Creating a diverse and inclusive culture remains at the heart of our strategy for the future. In 2017, we launched several initiatives to help achieve gender balance at all levels and we’re pleased to have made some further positive changes throughout this year. We want employees to feel proud to work for LV=, with policies and strategies that show how we respect and value individuality.

Diversity

The board have been continuing to work on embedding our diversity policy into every area of LV=. The acknowledgement that a diverse board provides a balanced approach to the successful delivery of our strategy is reflected through many of our new schemes.

This is only part of our commitment within our board diversity policy. The board diversity policy ensures that the board has a varied skill base, experience, education and professional background. The race and gender of an applicant will not impact the recruitment process. These are key considerations for the Corporate Governance and Nomination Committee when considering new applications in order to maintain an appropriate range and balance of skills, experience and backgrounds on the board.

We will continue to support all areas of our existing Diversity and Inclusion programme (disability, multi-cultural, sexual orientation and gender) and will focus on further fostering an inclusive culture in order to bring about real change. We’re looking to establish a new disability network and Pride network in 2019.

Diversity training

Senior leaders and managers attended our new ‘call it out’ sessions. These are to equip our leaders with practical tools and techniques to call out non-inclusive behaviour and language. The course focused on providing an understanding of the importance of speaking-up to foster an inclusive culture that benefits and supports employees at LV=.

Women in Finance

Signing up to the Women in Finance charter in 2016 is another way we’re showing our commitment to increasing the proportion of female senior leaders. The voluntary HM Treasury scheme enabled us to set targets and shape supporting activity, all with the aim of gender balance. We’re on track to achieve our pledge to reach 40% or above in senior roles by 2020.

Gender pay gap

Since 2017 UK employers with over 250 employees must report on their gender pay gap. This is a measure of the difference between males’ and females’ average earnings across an organisation and something that we welcome because we want talented people to have equal opportunities to grow their careers and we believe that gender balance is vital to our success.

This year, at a group level, there has been no significant change to the previous year’s results with the mean gender pay gap at 28.5% (27.6% the previous year). This was expected as many of the actions we put in place to address our gender pay gap are long term and it will take a number of years before we start to see material positive changes taking affect. In addition to our group gender pay gap results, we have also published results for LVFS and LVGIG separately for the first time and the details of these can be seen by viewing our full Gender Pay Gap Report on LV.com.

We’re confident that pay at LV= is fair and equitable and we understand that our gender pay gap is driven by the structure of our workforce. At present we have a higher representation of males in senior roles and a higher representation of females in more junior roles. We understand why the gap exists, recognise there is work to be done and are focused on the steps needed to close the gap.

Flexible working

We understand the importance of having flexible working options available to all of our employees. To make sure that we are evolving our approach and to keep encouraging talent to join the business, we have set up a working group to foster a flexible working culture. Our aim is to encourage more uptake in flexible working options, especially amongst men who currently only make up a small proportion of those benefiting from flexible working patterns.

Targeted development programme

Alongside the board diversity policy, our commitment to ensure equal opportunities and our existing career development courses, we have introduced two targeted development programmes specifically for women. These are our Accelerate and Catalyst programmes. Both programmes not only support our ambitions to increase the number of women at senior manager, director and board level but also work with other companies on initiatives with the aim to move the gender balance across all roles in financial services.

The 30% Club is a cross-company and sector mentoring scheme providing external mentoring and networking opportunities. We signed up in 2017 to broaden the pipeline of female talent coming through the organisation and make a change to the number of women promoted to senior and board roles. With seven women currently being mentored by external senior leaders who have substantial business experience, we hope that this will have further impact on progress towards our targets.
Employee engagement
Engaged people are key to our success, not only do they create Green Heart experiences for our customers, members and colleagues but they help our business thrive. Each year we invite our people to complete a confidential survey to provide feedback via our Engage employee survey.

Our 2018 LVFS engage score of 74% sits significantly below the targeted HPO norm of 89%. We recognise that the process of transforming to a fitter mutual for the future is challenging for our people and it is a key priority of the board to ensure that employees are fully engaged as LV= continues to develop during 2019.

Reward and recognition
We are committed to making sure our people are rewarded fairly through regular review of our pay levels to ensure they are competitive with market rates. We pay all our employees at least the Living Wage Foundation rates of pay. In 2018, the average full-time employee salary was £33,000. In addition to basic pay, all our employees participate in an incentive scheme which is structured around both individual and business performance.

All employees automatically become members of the LV= Pension Plan or My LVGIG Savings Plan when they start working for us. They also have access to the LV= Pensions Village which allows them to track their contributions and the impact contribution levels will have on their retirement plans.

We understand that the needs of our employees are different, so through our flexible benefits platform we give all employees the opportunity to select the benefits most suited to their individual needs and lifestyles.

Wellbeing
We understand the importance of our people’s wellbeing and have many initiatives already in place through our wellbeing support programme. We have recently recruited more champions from across the business to support activities and to make sure that wellbeing days are held at each office for people to discuss and share experiences.

We are aware of the importance of supporting our people’s mental health. Our Mental Health First Aid is available to help someone who is developing a mental health issue, experiencing a worsening of a current mental health issue or in a mental health crisis. We have continued to train and increase the numbers of Mental Health First Aiders and now have 32 available across all of our sites.

Helping Holly to reach her full potential
When the Accelerate course was first launched in March 2017, we wanted to offer a specific development course that provided career specific advice and support for women. We found that significantly fewer women were moving into senior roles than men. In fact, the number is almost half. We wanted to understand what the barriers are and how we can proactively change this.

Thirteen women were selected from across the business; all had been identified as being talent within their teams and departments. Each was potentially in line for a more senior role and we wanted to work with them to support them to take the next step in their career. The group attended regular training and development sessions in addition to having monthly mentoring with senior managers.

We’re delighted with the outcome and the feedback – over 50% are now in more senior roles and all would recommend the course. Their experience has been compiled and reviewed and we’re in the processes of creating the Accelerate 2019 course.

Holly’s story
I was delighted to be selected to join Accelerate. I felt proud to be recognised and really pleased to have the opportunity to focus on my development.

I felt the course provided a blend of challenge, inspiration and endless opportunities for personal development in a supportive and very human environment. The programme was amazing, in six months we covered so much and I really liked the variety of approaches; from in depth personal assessments and 360 degree feedback, to online support materials, sessions with a qualified coach, and really engaging classroom learning with experts in resilience and personal impact, amongst others.

It was clear Accelerate was going to be valuable from the very first session. I’ve gained new skills and tools along with a new network of incredibly talented colleagues who were alongside me on this journey. I genuinely feel I’ve grown and developed a huge amount over the last year, I understand myself and recognise my potential in a far clearer way than before.

Achieving a promotion during the programme was a real highlight for me and I feel so ready for the next steps in my career. I’d love to support any future groups on the Accelerate programme and would highly recommend it to anyone who is considering applying.