

Corporate Responsibility Report

Our corporate responsibility strategy has four key areas which help us to focus on the ways we can make the greatest impact.

This Corporate Responsibility Report provides a summary of how we've performed against each of the areas, as well as the activities that took place in 2022.

You can find more information in the Corporate Responsibility section of our website at [LV.com/lvcares](https://www.lv.com/lvcares)

Investing in our communities



Our people and culture



Safeguarding our environment

Responsible business practice



Investing in our communities

During 2022, through community investment, partnerships and fundraising, we helped a range of charities and good causes. We're delighted that our colleagues were able to get out and about throughout the year to take part in volunteering opportunities for our local communities. We also continued to support members in need.

Community investment

We are deeply saddened by the ongoing situation in Ukraine and our heart-felt thoughts continue to be with everyone affected. In April 2022, our colleagues launched a campaign to fundraise for the Disasters Emergency Committee's Ukraine Humanitarian Appeal. From bake sales and raffles, to summer strolls and sunflower growing competitions, £43,000 was raised which included our Charity Matching.



“ It's great that so many of our LV= teams across our offices worked collaboratively and creatively together to raise money for this extremely worthwhile cause.”

David Hynam, Chief Executive

At the end of 2022, our Regional Community Committees arranged food collection points in each of our offices. Our colleagues donated vital supplies to local foodbanks in time for the festive period.

The committees are voluntarily run by our colleagues and they play an important part in supporting local charities and good causes. We have committees in each of our UK offices in Bournemouth, Exeter and Hitchin.



Community partnerships

Read about our 16th year of sponsorship of LV= KidZone on LV.com



Community fundraising

In addition to our Supporting Ukraine campaign, our colleagues fundraised for other charities close to their hearts. To support their efforts we matched pound for pound what they raised through our **Charity Matching** scheme. This is capped at £500 per colleague and at £1,000 for a team.



Did you know that we hold a Platinum Award and over 97% of our colleagues make a charity donation every month? Find out more about **Pennies for Charity** on LV.com



Member support

At the start of the Covid-19 pandemic we recognised the need to help financially vulnerable members who were experiencing financial difficulties and struggling to pay their policy premiums. In March 2020, we introduced payment breaks to support eligible members. Since it was introduced, our support has totalled nearly £80,000 in waived premiums for 445 members.

We're committed to providing this support and therefore payment breaks will be permanently open to those unable to pay their premiums, subject to certain eligibility criteria. Members can apply for a maximum of three months.

Member benefits and additional support services also continue to be available for our members, one of which is our Member Support Fund that can provide financial and practical support. For one particular member we covered car repairs so they could get to hospital appointments. We also gifted food vouchers, contributed to funeral costs and purchased a wheelchair to name just a few other ways we've supported members.

Member benefits include:



Care Navigator



Member Discounts



Member Support Fund



Voting Rights



Our people and culture

We want LV= to be a truly inclusive place where everybody feels comfortable being themselves and where individuals are recognised and respected. We're committed to creating a positive culture right across the business – a culture that embraces, values and celebrates individual differences.

“ At LV=, an inclusive culture is important to us and to me personally. The diversity of our team is critical – I want all our colleagues to be able to bring their whole self to work.”

David Hynam, Chief Executive

Creating a diverse and inclusive culture

Our senior leadership team harnesses a diverse range of thoughts, ideas and perspectives. Our diversity and inclusion networks continue to be sponsored by members of our executive team as follows:

Network	Sponsor
Pride (LGBTQIA+)	Clive Bolton Managing Director of Protection and Savings and Retirement
Balance (Gender)	Emma Woodford Chief People Officer
Diversability (Disability)	Harry Hanscomb Chief Operating Officer
Respect (Multi-cultural)	Deirdre Davies Chief Internal Auditor

A key focus in 2022 was to encourage more of our colleagues to, confidentially, share their diversity data so we could understand who we are as an organisation. We saw an increase from 35% to 78% by the end of December 2022. This data has provided us with insight that will help create a more inclusive environment for all of our colleagues by identifying and removing barriers in our business.

You can find out more about these diversity and inclusion networks on LV.com.

You can also read about our board diversity policy in the Corporate Governance Statement on pages 41 and 42.

Equal opportunities

Visit LV.com for information about equal opportunities.

Gender pay gap

Compared to women we currently have a higher proportion of men in senior positions. However, we believe that pay and reward at LV= is fair and unbiased and that the gap is driven by the gender distribution across LV=. In 2022, our gender pay gap increased to 31.5% (2021: 25.5%). The increase has primarily been caused by a reduction in the number of senior positions within LV= being filled by women (further details are provided on page 50).

We will ensure that everyone at LV= has access to the same opportunities and we want to continue to improve the gender balance of our workforce. One of the ways we do this is by looking at the talent we have and where we can promote from within the business. We'll continue to monitor our initiatives to further improve the gender pay gap across the business.

Flexible working

At LV= we want our colleagues to have the ability to make choices that support both their professional and personal lives. That's why we've continued our hybrid working approach since it was introduced during the Covid-19 pandemic.

We believe our offices are an integral part of our work life; it's a place where we build new and existing relationships, collaborate, create and have fun together. More of our colleagues are now working in the office on a regular basis, with some returning full time. We want our teams to enjoy the benefits of working together and the unity achieved from being in an office environment. As such, we've created more meeting rooms and breakout spaces to enable the positive collaboration that is much needed to continue to make LV= a great success.

Women in Finance

Signing up to the Women in Finance Charter since 2016 is another way we've shown our commitment to support gender diversity. Our aim is to increase the proportion of women in senior positions and this is supported by our executive team and is Board-endorsed.

Our pledge under the Women in Finance Charter was to reach 43% female representation in senior roles by 2023. As at 31 December 2022 we're currently slightly above the target for our executive team and direct reports at 44% and have achieved 40% throughout all our management and senior management grades, which demonstrates LV's commitment to producing a diverse pool of leaders and senior managers.

Supported by the HM Treasury Women in Finance Charter, the Women in Finance Awards are Europe's largest diversity initiative in the finance sector, recognising high-achievers, advocates and role models for women in the industry. We've supported and sponsored these awards since they launched in 2017.



44%

female representation
in our executive team
and direct reports at the
end of 2022



Mental health and wellbeing

We know how important it is to support our colleague's mental health, wellbeing and resilience. We continue to focus on providing a wide range of initiatives to help.

Cost of living support

A £750 one-off payment was made to colleagues in October 2022 to support with the increased cost of living. We have continued to offer a range of externally run financial wellbeing sessions such as 'coping with the cost of living' and 'making the most of your money.'

Mental Health Awareness Week

Throughout Mental Health Awareness Week we held a number of initiatives, which had support from our executive team. We held mental health drop in sessions across our offices, held relaxation sessions and encouraged colleagues to internally nominate their mental health heroes.

Wellbeing support initiatives

To support our wellbeing agenda we held both virtual and face-to-face sessions on a range of topics. Colleague stories were shared to further break down stigma in certain wellbeing areas, such as male mental health.

Our Mental Health First Aiders completed a mental health refresher training course and all colleagues had the opportunity to complete an online learning module about mental health.

Flu vaccines were also offered as an option for all colleagues.

Diversity, Equity and Inclusion

As well as increasing our diversity data to 78%, we've added two new diversity questions into our recent engage survey to ensure that colleagues feel they are treated fairly. Further focus has been placed on our Diversity, Equity and Inclusion strategy as we work towards celebrating our colleague's differences and embedding an inclusive culture and supportive working environment where all colleagues feel welcome, respected, supported and valued.



£750

Colleague one-off cost of living payment

Reward and recognition

The amount we pay our colleagues is assessed on a regular basis. This ensures that we reward our colleagues fairly and in line with market rates. All of our colleagues are paid at least the Living Wage Foundation rates of pay and on top of their salary, they're also eligible to be considered for a bonus. This bonus is based on their own performance, that of the overall business and how they've lived our internal values while at work.

Our colleagues have a choice as to how much they wish to contribute into their pension from a minimum of 3% up to 7%. We'll then double match their contribution up to a maximum of 14%. Pension information can be accessed online and there are tools to help our colleagues plan for their future. They can also track their pensions and check the impact it will have on their retirement income.

Our colleagues continue to receive core benefits as part of their employment with LV= such as life assurance, virtual doctor services and a competitive holiday entitlement. Our additional flexible benefits package can be selected all year round, which also gives them the chance to select from a wider range of options, including buying and selling holiday and private medical and health assessments.

We know that recognition for great work drives motivation and makes people feel truly appreciated and proud of what they've achieved. Our 'My Recognition' platform allows colleagues to nominate each other to receive a reward for going above and beyond or for living our values.

#thisisus

Our values

We are

COURAGEOUS

We are

TRUSTED

We are

INCLUSIVE

We are

CURIOUS





Safeguarding our environment

As a UK insurer the environmental footprint from our business operations is small in comparison to many other businesses. To further reduce our own environmental impact we continue to monitor our energy efficiency and waste management across our offices and look to ensure that any business travel only takes place when absolutely necessary.

During 2022, our energy consumption totalled 3,140,207 kWh (2021: 3,038,571 kWh), while our greenhouse gas emissions totalled 317 tCO₂e (2021: 270 tCO₂e). This usage has generated reported intensity ratios for the year of:

Annual kWh per No. of FTE Employees 2,539 (2021: 2,178)
Annual tCO₂e per No. of FTE Employees 0.26 (2021: 0.19)

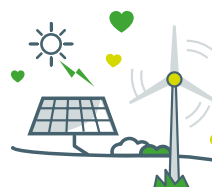
The increase in energy consumption and emissions during 2022 was mainly due to the increased levels of business travel during the year, as our colleagues returned to our offices following two years of predominantly working from home. Although business travel has increased from 2021 levels, we are pleased that travel during 2022 was restricted to approximately 30% of pre-pandemic levels. We replaced halogen bulbs with low energy LED bulbs to save energy and we installed sensors in our offices which work by detecting motion or heat, which ensures lighting isn't left on when it's not needed. Energy saving initiatives, such as this have led to a year-on-year reduction in the energy usage and emissions associated with our buildings. Further details relating to the sources of our energy consumption and greenhouse gas emissions are detailed in the following table.

Source of Energy and Emissions*	Energy consumption (kWh)		Greenhouse gas emissions (tCO ₂ e)**	
	2022	2021	2022	2021
Combustion of natural gas	989,809	1,039,532	181	190
Combustion of fuel in company vehicles	286,593	110,170	71	27
Combustion of other fuels***	120,218	159,102	29	47
Scope 1 total	1,396,620	1,308,804	281	264
Generation of purchased electricity	1,596,837	1,707,660	309	363
Renewable electricity	n/a	n/a	(309)	(363)
Scope 2 total	1,596,837	1,707,660	-	-
Combustion of fuel in personal vehicles	146,750	22,107	36	6
Scope 3 total	146,750	22,107	36	6
Total	3,140,207	3,038,571	317	270
Intensity per No. of FTE Employees	2,539	2,178	0.26	0.19
Carbon offsets purchased	n/a	n/a	(1,071)	-

* Energy consumption and emission metrics reported in the Annual Report are restricted to sources where we are supplied directly with gas, electricity or fuel for business purposes. These metrics do not include the energy consumption or emissions associated with indirect usage, for example by homeworkers or travel by train or airline.

** We have used the 2022 UK government greenhouse gas conversion factors for company reporting within our methodologies.

*** Other fuels relate to a diesel generator which was used in the period and types of Fluorinated gases (F gas) used by our facilities team to top up gases used in refrigeration and air conditioning systems.



Definition

kWh: Kilowatt-hour

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

tCO₂e: Tonnes carbon dioxide equivalent

We report our greenhouse gas emissions using tCO₂e, a standard measure of greenhouse gas emissions.



We're carbon negative
This means we have calculated our carbon emissions and offset 110% of our total emissions which has supported worthwhile projects.

Carbon Neutral Organisation

During the year we have achieved carbon negative status in relation to our operational greenhouse gas emissions. This means that we have calculated our carbon emissions as a business and more than offset both our direct and indirect operational emissions. We've achieved this by supporting three worthwhile projects, which were voted for by our colleagues. The projects we supported were Amazon rainforest deforestation prevention, wildlife sanctuary preservation in Cambodia and an improved cook stove project, which is having a considerable environmental impact by reducing emissions and saving trees in Uganda. It is anticipated that these carbon offsets purchased in the year will reduce greenhouse gas emissions by 1,071 tCO₂e.

Achieving carbon negative status is just the beginning of our environmental journey. We will continue to maintain our status and work to identify and implement environmental improvement initiatives to lower our carbon footprint further and reduce reliance on offsetting.

We invest over £10bn of our policyholders' premiums and savings and therefore a very important part of our environmental impact arises from how we invest this money. To read more about our approach to responsible investment see page 29.

Safeguarding our environment – future years

Although we're proud of what we've done to safeguard the environment during 2022, going forward we have ambitions to further strengthen our approach in this area. During 2023, we will fall within the scope of the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, which place requirements on certain publicly quoted companies and large private companies to incorporate Task Force on Climate-related Financial Disclosures (TCFD) aligned climate disclosures in their annual reports.

In order to comply with these requirements, our 2023 Annual Report will contain a Non-Financial and Sustainability Information statement within the Strategic Report, rather than the current Non-Financial Information statement. This statement will contain information which will allow the reader to understand our governance, strategy, risk management and metrics and targets in relation to environmental matters.

The new regulations require climate-related financial disclosures to be made against these four pillars using a common list of requirements as outlined in the table below. Over the last year we've been progressing towards compliance with these requirements, focusing on governance, where our new CEO, David Hynam has assumed management responsibility for sustainability (see page 40 for further details) and risk management, where climate change risk has been incorporated into LV's Risk Management Framework and Own Risk and Solvency Assessment (ORSA) (see page 18 for further details). Board committees have been engaged in the development of a sustainability strategy which will be finalised during 2023.

Requirements for 2023 year end	Our progress during 2022
A description of the governance arrangements of the company in relation to assessing and managing climate-related risks and opportunities.	During 2022, we strengthened our governance structure to define more clearly the accountabilities for delivering our sustainability and climate-related risk strategic objectives across the business. See page 40 for further details.
A description of how the company identifies, assesses, and manages climate-related risks and opportunities.	We recognise the importance of understanding and managing the potential short and long-term implications of climate-related risks and opportunities. An external partner was engaged during the second half of 2022 to provide external insights into further enhancing our approach to the management and governance of climate-related risks and opportunities. See page 18 for further details.
A description of how processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management process in the company.	Climate-related risk has been classified as a driver of risks, rather than a standalone risk, reflecting its wide-reaching potential impact. Changes to the risk are monitored alongside other drivers of risk and any changes are assessed qualitatively and, if deemed material, quantitatively. See page 18 for further details.
A description of the principal climate-related risks and opportunities arising in connection with the operations of the company, and the time periods by reference to which those risks and opportunities are assessed.	Physical risks relating to climate change are assessed over a medium to long-term time horizon. Asset transition risks are assessed over the short to medium term. See page 18 for further details.
A description of the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy of the company.	During 2022, a dedicated sustainability manager was appointed to support the development and embedding of a sustainability strategy. Additionally, an external partner was engaged during the second half of 2022 to assist with the development of the strategy and assess the actual and potential impacts of the principal climate-related risks and opportunities on our business model and strategy. Good progress was made in 2022, with further work required in early 2023 to finalise the assessment.
An analysis of the resilience of the business model and strategy of the company, taking into consideration of different climate-related scenarios.	Climate change was prominently featured within the 2022 ORSA report including a detailed assessment of the risks to which LV= may be exposed. Further work is required during the first half of 2023 in order to embed the required scenario analysis into our business as usual processes.
A description of the targets used by the company to manage climate-related risks and to realise climate-related opportunities and performance against those targets.	Discussions were ongoing during 2022 in order to ensure that the correct targets are set to help drive our sustainability ambitions. Final targets will be set during 2023 as part of the sustainability strategy completion work. Performance against the targets will be reported at year-end 2023.
The key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based.	See above.



Responsible business practice

Customer satisfaction

Our LV= colleagues, across every site, are committed to delivering great outcomes for all of 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.

We were recognised for our handling of complaints with an award win for the Best Approach to Complaints courtesy of the Collaboration Network Awards. The award recognises that our complaints processes and approach are highly regarded by peers within our industry and others.



In 2022 the Financial Ombudsman Service (FOS) agreed with 94% of the decisions we made on complaints referred to them. This shows that we continue to be committed to provide the right outcomes for our members and customers. Any dissatisfaction that we receive is addressed as quickly as possible and over half the complaints we received during 2022 were resolved within three working days.

The 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'll tailor our services and signpost to our member benefits, external charities and organisations that may be able to help.

You can view our **full complaints summary** for 2022 on LV.com

Financial crime

In 2022 we successfully prevented financial losses amounting to £8.7m. This is due to our robust systems and controls that help us to effectively prevent financial crime and losses across LV=.

We continue to protect our members, customers and the wider business from becoming victims of crime and we do this by:

- carrying out verification checks to ensure we're dealing with the correct individual and we know where funds are coming from or going.
- carrying out enhanced due diligence on higher risk customers.
- investigating suspicious insurance claims.
- reviewing pension transfers to protect our members from pension scams.



Information about **Data Vishing** can be found on LV.com

Bribery and fraud

We have a financial crime policy, which sets out the framework for managing crime arising from bribery and corruption, fraud, money laundering, terrorist financing and market abuse. We have a dedicated financial crime team, which operates within our risk management department, to monitor adherence to this policy.

Via our 'Speak Up' service, our colleagues can report any suspicions or wrong-doings. You can find out more on LV.com.

Human rights and modern slavery

As a responsible business we understand the importance of human rights. We have fair and transparent employment and supply chain practices in place. Our Modern Slavery Statement for 2022 provides more information about the actions we have taken to identify, assess and mitigate against the risk of modern slavery and human trafficking across our business and supply chains.

You can read our full **Modern Slavery Statement** on LV.com/modern-slavery-statement

Third party management

During 2022, a new third party management (TPM) team was formed to help the business buy goods and services in a way that maximises value for the business - as well as for our customers and members - and is in line with LV's overall strategic direction.

Initially introduced in 2021, and under its supervision, the Prudential Regulatory Authority (PRA) brought in two pieces of legislation and new regulatory requirements for our sector - Impact tolerances for important business services and Outsourcing and third party risk management. Both became fully effective in March 2022.

The TPM team played a critical role to ensure we complied with these requirements within the regulatory deadline, and will continue to oversee all supplier contracts. They've introduced new processes to underpin the changes that were required, and collaborate with a number of vendors including Hellios, Docusign, Moody's and Experian using their software tools to support these activities. They also developed an operating model, detailing the required processes, that undergoes a regular programme of revision and enhancement to ensure the business remains focused on the key aspects of our third party relationships.

More information about the role of TPM, the new legislation and the vendors we work with can be found on LV.com

Responsible investment

Responsible investment encompasses all Environmental, Social and Governance (ESG) considerations. ESG considerations are firmly embedded in the management of our investments as we believe we have an obligation to our members to invest their money responsibly. By doing so, we aim to achieve strong investment returns and contribute to the sustainable development of the world and society.

You can take a look at our **approach to responsible investment** in detail on LV.com

We continue to divest from firms who we believe aren't taking action fast enough to address ESG concerns, particularly in our equity holdings. For example, we divested from a healthcare provider who was being investigated for allegations of mistreatment of patients. In our assets backing annuity business we actively restrict new investments into bonds issued by tobacco or energy firms whose ESG ratings are poor.

Focusing specifically on environmental risks and financial risks arising from climate change, the carbon footprint of our investments is regularly monitored. This is done by the Investment Committee, With-Profits Committee and other relevant management committees who review metrics covering carbon intensity and carbon emissions. The carbon intensity and carbon emissions of our investments in our With-Profits Funds are lower than the market indices. In some cases they are considerably lower, for example, the carbon emissions of our US equity fund are 14% lower than the carbon emissions of the S&P500. We regularly monitor a range of other metrics such as controversial name exposure and ESG ratings.



In the 2023 Annual Report we expect to be able to add further information on our management of the financial and non-financial risks arising from climate change to align with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

2022 saw the UK heat up to over 40°C - the warmest year on record according to the Met Office - and low rainfall led to droughts across the country. We believe that rapid and coherent action is needed to tackle the risks and opportunities presented by climate change on our investment portfolio. That's why we've accelerated our response during 2022.



2022 highlights

We launched a new investment fund	We increased our strategic asset allocation	We enhanced our screening of corporate bonds
<p>In May we launched a new addition to our Smoothed Managed Fund range – the Impact Growth Fund. The fund aims to:</p> <ul style="list-style-type: none"> ■ deliver long-term investment performance, while investing responsibly. Independently risk rated by Defaqto as six, on a scale of 1-10, it offers higher return potential but with the same smoothed journey. ■ actively invest in companies delivering sustainable outcomes or progressing towards the delivery of sustainable outcomes. This includes high quality companies that can deliver solutions to today's environmental and social challenges such as renewable energy and affordable housing. 	<p>Over the year we continued to increase holdings in sustainable equities. This increased the strategic asset allocation in our main With-Profits Fund and Smoothed Managed Funds by over £30m. These holdings, or funds, are designed to align with the UN Sustainable Development Goals. We continue to develop and enhance our approach to sustainability and will explore further allocations to dedicated ESG funds in 2023.</p>	<p>We extended our Responsible Investment Framework by introducing an ESG overlay to screen bonds held in our non-policyholder funds. Initially this is focused on new trading activity, but we expect to extend this to include the existing corporate bond assets. The overlay uses the framework outlined by the UN Global Compact initiative to consider human rights, labour, environment and anti-corruption in investment decision making. For example, we prohibited an investment in the Middle East due to human rights concerns.</p>

NextERA Energy – a leading developer of green energy

A key activity that takes place with our investments is ESG engagement. Our asset manager Columbia Threadneedle Investments (CTI) engages on our behalf to drive change and seek to deliver sustainable long-term value. In June, CTI met with NextERA Energy's CEO to understand the company's plans to meet their decarbonisation target following the announcement of a Real Zero target before 2045. NextERA Energy is a top 10 holding in our Global Sustainable Equity fund, helping invest in the transition to a low carbon economy.