

# Engagement Policy

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We believe that engaging with companies we invest in is an effective tool to drive positive environmental, social and governance change and contribute to the long-term success of the global economy.

## Our beliefs and requirements

We require our asset managers to use our voting rights and engage regularly with key stakeholders to influence positive change. In particular, we expect our asset managers to consider corporate strategy, both financial and non-financial performance and risks, capital structure and social and environmental impacts as well as corporate governance.

Where appropriate, our asset managers should cooperate with other shareholders and communicate with relevant stakeholders to increase influence on investee companies. We require our asset managers to regularly report on voting decisions and engagement.

We also require our asset managers to identify and manage any conflicts of interest that arise during the engagement process.

## Our investment strategy

This policy sets out how we engage with companies that we invest in and focuses on responsible investing that considers Environmental, Social and Governance (ESG) issues.

On behalf of our members, we invest in a mix of assets. Some of these assets are equities (also referred to as stocks and shares) which means that we own a share in these companies. As shareholders we are able to engage with these companies and often this means we have voting rights that can be used to have our say in how these companies operate and are governed – such as voting for or against the appointment of directors, executive remuneration and some strategic proposals.

We rely on our asset managers to engage with companies we have invested in and exercise our voting rights to deliver strong investment returns and influence positive change.

## Our asset managers

Our primary asset manager, BlackRock are responsible for the day-to-day management of our assets, operating in accordance with our various investment strategies that we review at least once a year. BlackRock manages most of our equity investments except for the range of external mirror funds offered through the Self Invested Personal Pensions. For these external mirror funds, please refer to the engagement policies of the relevant asset manager.

Information on significant votes and BlackRock's Investment Stewardship and Engagement Policy is available on their website:

[BlackRock - Investment Stewardship](#)

[BlackRock - Engagement Policy](#)

## How we monitor our asset managers

We oversee and monitor our asset managers regularly. This includes rigorous analysis of investment performance, portfolio positioning and market outlook. We review voting decisions as well as investment and risk policies and philosophies.

We have a ten-year arrangement with BlackRock that started in 2024. There are a number of scenarios under which we may terminate our relationship during this term. BlackRock are incentivised to ensure performance targets are met and investment and operational risks are well managed and mitigated. These performance targets are calibrated to a three-year annualised rolling metric. We believe this ensures our asset manager will focus on medium to long-term performance consistent with the profile and duration of our liabilities.

Portfolio turnover costs are not separately monitored. Investment performance is considered net of trading costs and therefore we believe the asset manager will efficiently manage trading costs to maximise overall performance. Additionally, high turnover costs would dampen assets under management which determines the fees paid to the asset manager.

The selection of our asset managers is reviewed from time to time.

## Why we invest in equities

Our members typically invest with us over the medium to long term and expect their investments to grow. Over this time horizon, equities typically outperform other asset classes like cash and fixed income investments (such as bonds). Equities can also protect investments from inflation and can generally be bought and sold quickly and easily. This potential for growth in real terms over the medium to long term is a key driver for using equities as an essential part of our various investment strategies. We have different investment strategies for separate products and funds depending on the underlying risk appetite and expectations of our members.

## Alignment with our Sustainability Strategy

Our [Sustainability Strategy](#) includes our ambition to transform our business to become net zero in line with the UK Government's commitment to net zero by 2050. During 2024 we refreshed our engagement approach to support these ambitions, establishing a joint Sustainability Forum with BlackRock and focusing on engagement with our top twenty carbon emitters. We recognise that BlackRock engage to understand a company's perspective on material risks and opportunities to help make informed voting decisions. We believe regular engagement can influence change and our goal, through BlackRock, is to advocate a greater proportion of companies to make credible net zero commitments.

Our preference is continued engagement over exclusion. In cases where we are not satisfied with progress of companies we invest in we may consider disinvesting

This Engagement Policy is compliant with the Shareholder Rights Directive II.



Please note that investments can go up and down and you could get back less than invested. The information provided should not be seen as advice to take out a product. Please speak to your financial adviser.

**For more information visit**



**[LV.com/investments](https://lv.com/investments)**

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49460-2026 05/26

