

LV= Responsible Investing Approach

The purpose

We use a principles based approach to Responsible Investing which you can read about in this document. The principles, which form the core of our approach, are intended to be enduring statements and we don't expect them to change often.

Our approach covers our funds where we manage the underlying investment strategies. This includes our Smoothed Managed Fund range. It does not currently cover the funds invested via the Self-Invested Personal Pensions (SIPP) wrapper, however, we may expand the framework to include these funds over time.¹

Our Responsible Investing approach encompasses all Environmental, Social and Governance (ESG) issues. We believe climate change is a key environmental issue and it has been incorporated into our existing risk management framework to ensure appropriate oversight is maintained and enhanced over time, you can find out more about our approach to climate change risk on page 18 of our 2022 [Annual Report](#). We expect to issue our first Task Force for Climate-related Financial Disclosures (TCFD) in 2024.

Governance

Our investment oversight team ensures that the business follows this approach and they monitor compliance on an on-going basis. Where appropriate, they report to our Asset and Liability Committee (ALCO) and the Investment Committee.

Focusing specifically on environmental risks and financial risks arising from climate change, the carbon footprint of our investments is regularly monitored.

The principles

We believe that in the long term, we'll achieve better financial returns by investing in companies and assets that demonstrate they contribute to the long-term sustainable success of the global economy.

In order to achieve this we expect:

- Our asset managers to consider ESG information, alongside traditional analysis, when making investment decisions on our behalf.
- All asset managers to comply with the principles set out in this approach. Where any asset manager does not comply, we expect them to have a plan to address this. If we feel that insufficient progress is being made towards compliance, we may decide to stop working with them.
- All asset managers to be signatories to either the United Nations Principles for Responsible Investing or the UK Stewardship Code.

United Nations Principles for Responsible Investing

There are [six voluntary, and aspirational, investment principles](#) that offer possible actions to incorporate ESG issues into investment practice. In implementing them, signatories contribute to developing a more sustainable global financial system.

UK Stewardship Code

The [UK Stewardship Code 2020](#) took effect on 1 January 2020 and sets high expectations of those investing money on behalf of UK savers and pensioners. It defines stewardship as the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

We 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.

Through this document, our Responsible Investing principles are publicly available to provide transparency for our members and prospective consumers.

We believe that engagement with investee companies is an effective way to drive positive ESG change and contribute to the long-term success of the global economy. Any prohibited investments will continue to be excluded from our investment portfolios.

We recognise that our members have a diverse range of values and beliefs and by taking this into account, generally we don't exclude certain sectors as this would favour the ethical views of some members over others.

Stewardship

In order to practice good stewardship, we require our asset managers to engage with investee companies and where applicable, vote on our behalf. Asset managers are also required to:

- Provide us with timely updates when requested, for any investment holdings which have the potential to impact the reputation of LV=.
- Consider ESG factors, alongside other criteria, in order to make informed investment decisions. We also require them to be able to demonstrate this process on request.
- Identify and manage any conflicts of interest that arise during the engagement process with investee companies.

Where our investments are held in specific sustainable or impact investing funds, we expect the asset manager to provide a regular report to us on how the fund is meeting its stated goals which we expect to be aligned to the Sustainable Development Goals set by the United Nations.

¹We suggest that our members and advisers refer to the Responsible Investing policies of the relevant fund manager for these funds.

