LV= Employee Pension Scheme
Statement of Investment Principles ("SIP") Implementation Statement

1. Introduction

This SIP Implementation Statement ("the Statement") has been prepared by The LV= Pension Trustee Limited ("the Trustee") in relation to the LV= Employee Pension Scheme ("the Scheme").

This Statement:

	Section
• Describes how the Trustee's policies on exercising voting rights and engagements have been followed over the year;	2
• Describes the voting behaviour by, or on behalf of, the Trustee during the year; and	3
• Describes the engagement activity in respect of the Scheme's investments during the year.	4

This Implementation Statement covers the period 1 April 2024 to 31 March 2025, the Scheme's reporting year, in line with regulations.

In preparing this Statement, the Trustee has had regard to the Department for Work and Pensions' ("DWP's") 'Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance'.

2. How the Trustee's policies on exercising voting rights and engagements have been followed over the Scheme year

As set out in the *Voting: expectations and process* section of the SIP, the Trustee expects their managers to use as appropriate all the tools arising from their investments, including the rights and responsibilities associated with the instruments or other assets in which they invest. Since the Scheme does not currently have any direct equity investments, no votes were cast on behalf of the Trustee.

As set out in the *Engagement: expectations and process* section of the SIP, active engagement with companies in which the Scheme is invested is delegated to the Scheme's investment managers. The Trustee expects its investment managers to actively engage with companies to preserve and improve the long-term value of investments while minimising adverse effects on the environment and society. Examples of how managers have engaged with underlying companies on the Trustee's behalf are outlined below in Section 4 of this statement.

3. Voting behaviour

During the Scheme year, the Scheme did not hold any equity investments. No votes were therefore cast on behalf of the Trustee.

4. Engagement examples from the Scheme's managers over the year

To focus the engagement examples to those that are most relevant to the Trustee, the engagement examples from managers were collected with a focus on the Trustee's agreed theme of climate change.

Schroders Direct Engagement – Example 1

Context:
Schroders identified substantial financial, regulatory, and reputational risks for banks due to the global transition to a low-carbon economy. While the carbon footprint of a bank's operations is relatively small, the emissions financed by the bank through its clients can significantly impact the planet. Therefore, the key metric for banks in the context of climate change is their 'financed emissions'. Banks play a vital role in supporting their clients' transitions away from high-emission activities.

Action:
Schroders' initial discussions date back to 2008, with more structured engagements occurring around three times a year since 2020. These engagements focused on fossil fuel financing (including oil sands financing) and broader banking practices in Europe. Early on, Schroders encouraged the bank in question to measure emissions related to its financing activities, set climate targets, and develop detailed climate policies.
As the bank made progress, engagements became more technical, focusing on the scope and completeness of targets, assurance over emissions measurement, and providing disclosure on client transition.

Significant milestones achieved include:

- **2020**: The bank announced its commitment to net zero emissions and developed a target methodology, setting initial targets for the energy and power sectors.
- **2023**: The bank expanded its targets to cover six high-emitting sectors and announced a $1 trillion target for sustainable and transition finance. It also introduced a client transition framework to aid the shift to lower-carbon business models.
- **2024**: Schroders met with the bank to follow up on climate alignment, minimising emissions, decarbonisation paths, and ensuring sufficient disclosures were made surrounding fracking policies and exposures, and wider associated financed emissions.

Outcome:
The bank has achieved several positive outcomes:

- A one-third reduction in absolute emissions linked to the bank's financing of the energy sector over the last three years.
- A commitment to cease financing for oil sands exploration, production companies, and related projects. These achievements underscore the effectiveness of Schroders' collaborative efforts and the bank's dedication to its climate goals.
- Following the positive changes made by the bank, ShareAction withdrew its climate resolution issued in 2020 but commented that the bank's climate strategy could have gone further. The bank reaffirms its commitment to driving the energy transition through policy, targets, and its Client Transition Framework.

Schroders will continue to engage with the bank on topics including its progress against their Climate Change Statement, expansion of financed emissions targets to cover a higher proportion of the bank's total financed emissions, and greater levels of disclosure around the financing of clients engaged in fracking.

Schroders Direct Engagement – Example 2

Context
Schroders has engaged with a leading global utility and renewable energy provider since 2009 on key issues such as climate change and governance. As the company plays a critical role in the energy transition, recent discussions have focused on its decarbonisation strategy—an essential component for managing climate-related risks and maintaining a competitive edge in the shift to a net zero economy.

Action

In 2023, Schroders co-led the **Climate Action 100+ (CA100+)** collaborative initiative, focusing on lobbying practices, capital expenditure alignment, and governance. Engagements intensified in 2024, with a series of targeted discussions:

- **February 2024**: Schroders addressed the company's climate policy and lobbying strategies, recommending greater transparency on gas-related activities and alignment with broader climate policy positions.
- **March 2024**: Schroders proposed the development of a formal **Just Transition** strategy, including performance indicators. The company responded with an initiative aimed at balancing the interests of workers and communities with its climate goals.
- **April 2024**: Schroders encouraged the company's US-based subsidiary to enhance its climate engagement reporting and industry membership disclosures. Additionally, Schroders advocated for stronger climate governance, including evolving executive remuneration to reflect climate performance and introducing a board skills matrix with a focus on climate expertise.
- **May 2024**: Schroders reviewed the company's progress against CA100+ benchmarks, particularly scope 1 emissions and renewable capacity growth, with plans to increase capacity from 42 GW to 51 GW by 2026.

Outcome

In 2024, the company made notable progress in meeting CA100+ disclosure benchmarks. Key achievements included:

- Phasing out capital expenditures on high-carbon assets.
- Aligning its strategy with **Just Transition** principles.
- Strengthening transparency and governance around climate-related issues.

Schroders views these developments as a positive step forward and will continue to support and engage with the company to further advance its climate initiatives.

Signed: *Huw Evans*

Chair of the Trustee Board of the LV= Employee Pension Scheme

Dated: 27 June 2025