

LV= EMPLOYEE PENSION SCHEME
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025
SCHEME REGISTRATION NUMBER: 10200449

LV= EMPLOYEE PENSION SCHEME

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TRUSTEE AND ADVISERS

YEAR ENDED 31 MARCH 2025

Principal Employer	Liverpool Victoria Financial Services Limited
Trustee	The LV= Pension Trustee Limited
Directors of the Trustee	<u>Appointed by the Principal Employer</u> BESTrustees Limited (Independent Trustee Director represented by Huw Evans (Trustee Chair) and supported by Karen Theobald) John Laidlaw Emma Woodford Chris Agius <u>Member Nominated Directors (MND)</u> Anthony Antoniou (resigned 31 March 2025) Marc Perry (appointed 27 June 2025) Joseph McCormick William Miller
Secretary to the Trustee	Michael Jones (resigned 4 November 2024) Oliver Wilson (appointed 4 November 2024)
Scheme Actuary	Alec Day FIA of Hymans Robertson LLP
Independent auditor	Crowe U.K. LLP
Legal advisers	Allen & Overy Shearman
Investment custodians	HSBC Bank Plc
AVC providers	Utmost Life and Pensions Limited Standard Life Assurance Limited
Bankers	Barclays Bank UK plc
Administrators	Towers Watson Limited (trading as WTW)
Investment advisers	Redington Limited Haydon Hill Advisors Limited
Investment managers	Columbia Threadneedle Investment Services Limited (to 31 March 2024) Equitix Investment Management Limited H.I.G. WhiteHorse Middle Market Unlevered Loan Advisors, L.P. (from 31 March 2025) PGIM, Inc. (from 15 September 2025) Schroder Investment Management Limited
Annuity insurance provider	Phoenix Life Limited
Covenant adviser	Ernst and Young LLP

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TRUSTEE'S REPORT

YEAR ENDED 31 MARCH 2025

Introduction

The Trustee presents its annual report for the Scheme together with the investment report, actuarial certificate and financial statements for the year ended 31 March 2025.

The Scheme is an occupational pension scheme for certain fixed term contracts paid through payroll or permanent full and part-time staff (until 30 November 2022) and former staff of the Principal Employer and its subsidiary companies in the United Kingdom and contains both non-contributory and contributory Sections.

The Scheme is registered under Chapter 2 of part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax. To the Trustee's knowledge there is no reason why this registration should be prejudiced or withdrawn.

The Scheme is established under and governed by the Trust Deed and Rules, which have been approved by the Pensions Schemes Office of HM Revenue and Customs.

The Scheme comprises two sections:

- a Defined Benefit (DB) Section which provides benefits based on a Member's salary and length of service; and
- a Defined Contribution (DC) Section which provides benefits based on a Member's accumulated fund value at retirement.

The DB Section closed to future accrual on 30 June 2013 and the active members became deferred.

The DC Section closed to future accrual on 30 November 2022 and active Members were able to make AVC contributions to secure additional benefits. This option was also available to Members of the DB Section until it closed to future accrual.

The Scheme has a corporate trustee, The LV= Pension Trustee Limited, rather than individual trustees.

Management of the Scheme

The Scheme is governed by the Trustee which is required to act in accordance with the Trust Deed and Rules, within the framework of pension and trust law.

The Trustee is responsible for the administration and investment policy of the Scheme. The Trustee has delegated the day-to-day management and operation of the Scheme's affairs to professional organisations as set out on page 1 of this report.

Trustee

The names of the current Trustee Directors, and others who served as Directors during the year, are included on page 1 of this report.

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TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 MARCH 2025

The Rules and the Articles of Association of the Trustee contain provisions for the appointment and removal of the Directors. All members (including deferred members) are eligible to nominate themselves as an MND. From the effective date, the Board must consist of at least three MNDs (the status of the three MND's will be proportionate to the membership at the time) and up to four persons selected by the Principal Employer. If the number of MNDs drops below these minima, any vacancy must be filled in accordance with the procedures outlined in the Rules. Additionally, the Board may co-opt an additional Director, provided that the Principal Employer consents.

When a vacancy arises for an MND, the Board will arrange for the vacancies to be filled through a selection process. A selection panel will select who to take forward to the interview stage from the nominations, and carry out the interview of those selected. The panel will be made up of the Independent Trustee, MNDs and the LV= Pensions Partner. Following the interviews, a recommendation will be put forward to the Board for agreement.

When a vacancy arises for a Director selected by the Principal Employer, the vacancy will be filled by the Principal Employer. Directors selected and appointed by the Principal Employer have no fixed term of office.

The Pensions Act 2004 and subsequent regulations have put in place requirements for Member Nominated Directors. The Trustee has in place a process to appoint at least one third of the Board as MNDs. MNDs serve for a fixed term of 3 years but are not precluded from serving further terms of office if re-selected.

The Trustee may be removed at the discretion of the Principal Employer, in its capacity as principal employer, provided that the board of any new trustee company comprises three directors representing the Members, including one director who must be a pensioner and up to a further four directors selected by the Principal Employer.

The full Board met on five occasions. All Directors attended all Board meetings for the Scheme year ending 31 March 2025 (or, if applicable, the date when they left office) except Emma Woodford, Anthony Antoniou and Joe McCormick, who were unable to attend one meeting. All Directors can pass on their views on agenda items to the Trustee Chair if they are unable to attend any meeting.

The following sub committees also met during the year: the Funding and Investment Sub Committee, the Administration Sub Committee and the Defined Contribution Sub Committee (which was disbanded after the July 2024 meeting).

Changes to the Scheme Rules

There were no changes to the Scheme Rules during the year.

Scheme financial statements and summary of contributions

The financial statements of the Scheme for the year ended 31 March 2025 are set out on pages 25 to 50 and the Trustee's summary of contributions and the independent Auditor's statement about contributions are set out on pages 19 and 20 respectively.

The financial statements have been prepared and audited in compliance with the regulations made under section 41(1) and 41(6) of the Pensions Act 1995.

The net assets of the Scheme decreased by £98.8m (2024: £351.5m) over the year giving a Scheme value of £827.5m at 31 March 2025 (2024: £926.3m).

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TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 MARCH 2025

The Scheme's assets fell over the year as UK government bond yields rose. As the Scheme's assets are designed to broadly offset the impact of changing interest rates/government bond yields and inflation on the value of the liabilities, this fall in asset value was also accompanied by a fall in the Scheme's liabilities. Despite the recent uncertainty in the market the Scheme's funding is still in a strong position.

Other events

Scheme funding

The Trustee, with help from their advisers, continued to monitor the funding of the Scheme throughout the year taking into consideration any factors that may impact the funding of the Scheme.

- The Scheme's full actuarial valuation due on 31 March 2024 was brought forward to 31 March 2023. This was completed in June 2024. As a result, contributions have continued at £416K per month. The next triennial actuarial valuation is due 31 March 2026.

The Trustee continues to work closely with LVFS and will ensure that the Pension Scheme is treated fairly at all times.

Investments

The Trustee appointed two new investment managers and funds after the year end: Private Credit Manager, H.I.G Whitehorse and Absolute Return Bond Manager, PGIM, Inc.

Governance and Communication

The Governance of the Pension Scheme and Communication are extremely important. Events that have happened over the Scheme year are:

- In June 2021, legislation was published which required trustees of large pension schemes to more closely address climate change risks and opportunities by aligning with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Over the Scheme year the Trustee has continued to monitor and work to remain aligned the Pension Scheme to the framework set by the TCFD. The Trustee's Climate Change Governance report for the year ended 31 March 2025 can be found at www.lvpensionsvillage.co.uk/resources/documents.
- The threat of cyber-crime is a growing and significant risk affecting many aspects of people's lives. During the year, the Trustee continued liaising with its administrators and advisers to ensure the appropriate policies and procedures are in place continue to develop to help combat this threat and keep member data safe. This is an area that the Trustee will continue to focus on.
- In September 2024, the Trustee launched ePA, the administrators online portal. This allows members online access to their pension details, including transfer values.

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TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 MARCH 2025

External

The areas that the Trustee has been working on over the year which have been influenced due to external factors are:

- GMP equalisation

On 20 November 2020, the High Court ruled that individual transfer payments made since 17 May 1990 would need to be equalised for the effects of GMP. This judgment followed on from the 26 October 2018 judgment, which has previously been allowed for in accounting disclosures, where the High Court ruled that schemes had a legal obligation to pay benefits allowing for GMP equalisation. The Trustee has been working with its advisers and the Employer on the approach to implement the changes to benefits required for individual members. In parallel to this, work has continued over the year to ensure that the GMP amounts held by the Scheme are reconciled with the information that is held by HMRC.

- NTL/Virgin Media pensions case

The Virgin Media Ltd v NTL Pension Trustees decision, handed down by the High Court on 16 June 2023 considered the implications of section 37 of the Pensions Scheme Act 1993. Section 37 of the Pension Schemes Act 1993 only allowed the rules of contracted-out schemes in respect to benefits, to be altered where certain requirements were met. The court decision was upheld on appeal on 25 July 2024. On 5 June 2025 the Government stated that it is aware that following the 2024 Court of Appeal judgment in Virgin Media Limited v NTL Pension Trustees Limited, there is increased uncertainty in the pensions industry. They state that they recognise that schemes and sponsoring employers need clarity around scheme liabilities and member benefit levels to plan for the future. The Government will therefore introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards.

The Trustee is consulting with its advisers on any possible implications for the Scheme whilst monitoring developments. Any implications for the Scheme will be considered by the Trustee and Company in due course.

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TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 MARCH 2025

Statement of Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Trustee also has certain responsibilities in respect of contributions which are set out in the statement of Trustee's Responsibilities accompanying the Trustee's summary of contributions.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Membership

The changes in membership during the year are as follows:

	Deferred	Pensioners	Beneficiaries	Total
At 1 April 2024	4,694	3,874	817	9,385
Adjustments to prior year*	(20)	5	5	(10)
New spouses and dependants	—	—	51	51
Retirements	(211)	211	—	—
Deaths	(11)	(111)	(44)	(166)
Entitlements ceasing	—	—	(3)	(3)
Individual transfers out	(10)	—	—	(10)
Member leaving with no benefits	(1)	—	—	(1)
Commutations	(8)	—	—	(8)
At 31 March 2025	4,433	3,979	826	9,238

*Adjustments to prior year opening figures are due to late notification of member movements.

Circa 3,587 of the members above were covered by the bulk annuity insurance policy with Phoenix Life Limited at 31 March 2025.

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Pension increases

The pension increases that were applied to the Liverpool Victoria and the ex-Frizzell pensioners are as shown below.

The Liverpool Victoria increases were applied from 1 April 2024. These are based on September 2023 RPI of 8.9%, except for the post 5 April 1988 GMP element which is subject to statutory increases based on CPI; which was 3.0%. The pre 6 April 1997 excess element is subject to a minimum increase of 3% and a maximum increase of 5%. The post 6 April 1997 to 30 November 2007 excess element is subject to a maximum increase of 5%. The post 30 November 2007 excess element is subject to a maximum increase of 2.5%. The post 5 April AVCs are subject to a maximum increase of 5%.

The Frizzell increases were applied from 6 July 2024. These are based on the April 2024 RPI of 3.3% except for the pre 6 April 1998 and post 5 April 1988 GMP elements. These are subject to fixed increases of 3%. The pre 6 April 1997 excess element is subject to a minimum increase of 3% and a maximum increase of 5%. The post 6 April 1997 to 30 November 2007 excess element is subject to a maximum increase of 5%. The post 30 November 2007 excess element is subject to a maximum increase of 2.5%. The post 5 April AVCs are subject to a maximum increase of 5%.

<u>Pension element</u>	<u>Increase applied</u>	
	<u>Liverpool Victoria</u> <u>01-04-2024</u>	<u>Frizzell</u> <u>06-07-2024</u>
Pre 06/04/1988 GMP	No increase	3.0%
Post 05/04/1988 GMP	3.0%	3.0%
Pre 06/04/1997 excess over GMP	5.0%	3.3%
06/04/1997 to 30/11/2007 excess over GMP	5.0%	3.3%
Post 30/11/2007 excess over GMP	2.5%	2.5%
Pre 06/04/1995 AVCs	No increase	No increase
06/04/1995 to 05/04/2000 AVCs	5.0%	3.3%
Post 05/04/2000 AVCs	5.0%	3.3%

Deferred pensions are increased as required by legislation and in line with the Rules.

No discretionary payments were made.

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TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 MARCH 2025

Report on Actuarial Liabilities

As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits.

Under section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date. This is assessed at least every 3 years using assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, a copy of which is available to Scheme members on request.

The most recent scheme funding valuation under section 224 of the Pensions Act 2004 of the Scheme was carried out as at 31 March 2023. The results of that valuation are shown below, along with the interim funding position at 31 March 2025.

Valuation date: 31 March	2025	2023
Value of technical provisions	£815.0m	£994.9m
Value of assets available to meet technical provisions	£828.2m	£984.8m
As a percentage of technical provisions	102%	99%

Although there are no current plans to discontinue the Scheme and buy-out liabilities with an insurance company, the Trustee also considers the level of funding relative to the estimated costs of such a buy-out (known as "solvency liabilities") and equivalent information on this basis is provided below:

Valuation date: 31 March	2023
Value of solvency liabilities	£1,126.4m
Value of assets available to meet solvency liabilities	£960.7m
As a percentage of solvency liabilities	85%

The value of technical provisions is based on pensionable service to the valuation date and assumptions about various factors that will influence the Scheme in the future, such as the level of investment returns and pension increases, when members will retire and how long members will live. The method and significant actuarial assumptions used in the calculations are as follows:

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

Discount interest rate: for non-insured liabilities: best estimate of the Scheme's expected return on investments less 0.41% p.a. (defined as full gilt yield curves plus 0.92% p.a. at the valuation date, and plus 0.98% p.a. at the 2024 date); for insured liabilities: full gilt yield curves.

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Future Retail Price Inflation: term dependent rates derived from the Bank of England fixed interest and index-linked gilt curves at the valuation date.

Future Consumer Price Inflation: term dependent rates derived from the assumption for future retail price inflation less an adjustment equal to 1.0% per annum pre 2030, and no adjustment post 2030, i.e. Retail Price Inflation less 0% post 2030.

Pension increases: where pension increases are linked to inflation these are derived from the term dependent rates for future Retail Price Inflation or Consumer Price Inflation as appropriate, allowing for the caps and floors on pension increases according to the provisions in the Scheme's rules.

Mortality: The pre-retirement mortality of future pensioners is assumed to be 100% of the standard S3NMA/S3NFA tables published by the CMI of the actuarial profession and use the same future improvements assumption described below. For the period in retirement, mortality is assumed to be Club Vita base tables dated 2023 (individual member base tables used). Future improvements are assumed to be in line with the CMI 2022 model with a 25% weighting to the 2022 data and no weighting to 2020 or 2021 data, an adjustment to allow for an increased initial rate of mortality improvement "A" parameter of 0.25%, increased level of smoothing ($Sk=7.0$) applied to recent experience, a long term annual rate of improvement of 1.5% p.a., tapering to 0% p.a. over ages 85 to 110 with all other parameters in line with the core parameterisation of the model.

Schedule of contributions

The 31 March 2023 actuarial valuation showed that the Scheme had a funding deficit of £10.1m relative to the Scheme's statutory funding objective. A recovery plan was prepared in June 2024 which was signed by the Employer on 26 June 2024.

Deficit funding contributions of £416,777 per month are receivable up to 31 March 2028 in accordance with the Schedule of Contributions certified by the Scheme Actuary on 27 June 2024 and the Schedule of Contributions certified by the Scheme Actuary on 1 June 2022.

Contributions towards the regular expenses of administering the Scheme (excluding exceptional expenses and PPF levies) are receivable up to 30 June 2029 at the rate of £265,477 per month, to be increased each 1 April (the first increase being on 1 April 2025) in line with 1.5% p.a. in excess of price inflation, in accordance with the Schedule of Contributions certified by the Scheme Actuary on 27 June 2024. £216,542 per month was receivable up to 26 June 2024 in accordance with the Schedule of Contributions certified by the Scheme Actuary on 1 June 2022.

Next actuarial valuation

The next triennial valuation is due as at 31 March 2026. The Trustee will receive preliminary results of the valuation in the months following this date and expects to finalise the valuation and agree a revised recovery plan (if required) within the statutory timescale by 30 June 2027.

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TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 MARCH 2025

Investment report section

Investment managers

The Scheme's investments are managed by the investment managers appointed by the Trustee, as listed on page 1.

The Trustee delegates the day-to-day management to professional external investment managers. The Trustee sets the investment strategy for the Scheme after taking advice from the Scheme's investment adviser. The Trustee has put in place investment mandates with its investment managers in order to implement this strategy.

Investment managers are remunerated by fees based on a percentage of funds under management. There are no performance related fee arrangements.

The investment adviser and investment managers are all appropriately authorised under the Financial Services and Markets Act 2000.

The Trustee considers that the Scheme's investments are readily marketable at the year end, except for the Equitix Investment Management Limited infrastructure fund which was valued at £29,259,000 at 31 March 2025 (31 March 2024: £30,096,000) where the nature of the assets means the fund cannot be redeemed out of early (unless, for example, through a secondary sale).

The Scheme's assets fell over the year as UK government bond yields rose. As the Scheme's assets are designed to broadly offset the impact of changing interest rates/government bond yields and inflation on the value of the liabilities, this fall in asset value was also accompanied by a fall in the Scheme's liabilities. Despite the recent uncertainty in the market the Scheme's funding is still in a strong position.

Investment principles

In accordance with section 35 of the Pensions Act 1995, a Statement of Investment Principles (SIP) has been prepared by the Trustee which incorporates the investment strategy. A copy of the SIP dated February 2025 is available on the Pensions Village website.

Employer related investments

There were no employer related investments held during the year or at the year end.

Responsible Investment - Environmental, Social, and Governance ("ESG") Factors

The Trustee has delegated responsibility for the selection, retention and realisation of investments to the investment managers. The Trustee expects the investment managers to take into account ESG considerations except when these considerations have a bearing on financial return. The Trustee believes that ESG factors (including but not limited to climate risk) will be financially material over the time horizon of the Scheme but will have varying levels of importance for different types of assets invested by the Scheme. The Trustee does not factor non-financial decisions (such as ethical or moral beliefs) into its investment decision making nor does it appoint investment managers that consider these factors.

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TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 MARCH 2025

Stewardship

The Trustee understands good stewardship to be the responsible allocation, management, and oversight of capital to create long-term value for members, leading to sustainable benefits for the economy, the environment and society. The Trustee will aim to use their influence as an owner of assets to ensure that as far as possible best practices are reflected in terms of ESG factors, and they will hold investment managers to account for the effective use of their influence as owners of assets.

The Trustee's approach to stewardship reflects their broad investment approach: their role is to hire appropriately skilled investment managers, set clear expectations, assess the quality of their performance, and hold them to account where we identify deficiencies or areas for further improvement. The Trustee, via the Funding and Investment Sub Committee (FISC), carries out their stewardship through oversight and challenge of their investment managers rather than operating as active stewards directly of the underlying assets in which they invest.

Key areas of focus

To best channel its stewardship efforts, the Trustee believes that it should focus on a key theme. The Trustee's key theme has been selected by assessing relevance to the Scheme and its members, the financially material risks that it poses, and the maturity and development of thinking within the industry that allows for ease of integration into its approach. The Trustee's key theme is climate change. The Trustee may choose to focus on other themes in the future as it recognises there are other sustainability-related challenges facing global societies and the natural environment.

Significance of stewardship in appointment and monitoring of investment managers

It is the responsibility of the FISC to lead the Trustee's engagements with investment managers. Their expectations can be summarised as:

- Effective processes for and delivery of stewardship activity, alignment with leading standards, and evidence of positive engagement outcomes related to the Trustee's key themes;
- Provision of tailored reporting on stewardship activities and outcomes;

The Trustee expects its investment managers to provide specific evidence they have acted in accordance with these expectations which should provide the Trustee with enough insight to ascertain whether its investment managers are practising effective stewardship that is best aligned with the long-term interests. Where the Trustee identifies deficiencies it will escalate accordingly, with the ultimate response being the removal of mandates where it believes it is in the interests of the members to do so. The Trustee views incremental improvements by its investment managers as the key success measure of its own stewardship activities.

Custodial arrangements

Custodian services for the segregated investments are provided by HSBC Bank Plc. In accordance with normal practice, the Scheme's investments are registered in the name of each of the custodian's own nominee companies with designation for the Scheme.

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TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 MARCH 2025

Implementation Statement

The Implementation Statement for the Scheme year, which is part of this Trustee's Report, is included after the Notes to the Financial Statements. It sets out how the SIP has been followed over the year, along with details of any reviews of the SIP and changes that have been made as a result of the reviews.

Investment objectives and strategy

In determining and reviewing the Scheme's investment strategy the Trustee adopts a Pensions Risk Management Framework ("PRMF"). This framework translates the principal goal of paying member benefits into measurable funding objectives and risk constraints, agreed by the Trustee. The PRMF objectives report is produced by its investment advisers and is reviewed and monitored by the Trustee on a quarterly basis.

The Trustee's statutory funding objective is to be fully funded on the Technical Provisions basis. The Trustee also has a longer-term objective in which it aspires to achieve full funding on a "Self-Sufficiency" basis (defined as Gilts + 0.25% p.a.) by or around 2028.

The principal objectives are stated below:

1. Target an expected return on assets close to that required to meet the funding objectives within the PRMF;
2. Manage the investment risk including that arising due to mismatch between assets and liabilities, and limit the total risk of the Scheme below the risk budget set in the PRMF;
3. Maintain suitable liquidity of assets such that the Scheme is not forced to buy and sell investments at particular times to pay member benefits or meet potential collateral calls.

Investment management costs are based upon the size of the portfolio under management with the basis being detailed in the formal agreement between the Trustee and the managers. The estimated aggregate management fee as at 31 March 2025 is calculated as being 0.21% of the total assets (excluding the buy-in).

Asset Managers

The Trustee relies on investment managers for the day-to-day management of the Scheme's assets but retains control over the Trust's investment strategy.

The investment managers manage the Scheme assets in accordance with guidelines agreed with the Trustee, as set out in the Investment Management Agreements ("IMAs") or pooled fund prospectuses. Upon investment, the Trustee and investment managers enter into this legally binding IMA/prospectus which stipulates the Trustee's expectations of its managers; alongside the investment guidelines they are required to operate under, the document lays out the kind of investment that may be held, the balance between different kinds of investments, different risks (including how they must be managed/monitored), the expected return on investment, the realisation of investments and how both financial and non-financial matters are taken into account. When the Trustee decides to invest in pooled investment vehicles, it recognises that due to the collective nature of these investments, there is less scope to directly influence how the asset manager invests. In such instances, the Trustee's investment advisers ensure the investment objectives and guidelines of the manager are consistent with that of the Trustee.

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TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 MARCH 2025

Investment manager performance is reported to the FISC on a quarterly basis. Further, the Investment Consultant, on behalf of the Trustee, has a continuous open dialogue with all the investment managers in which the Trust invests, which encourages accountability on the investment managers to invest in line with Trustee policies. Finally, the Trustee can invite the investment managers to quarterly meetings or ad-hoc meetings.

When relevant, the Trustee requires its investment managers to invest with a medium to long-term time horizon, and use any rights associated with the investment to drive better long-term outcomes. For some asset classes, the Trustee does not expect the respective asset managers to make decisions based on long-term performance. These may include investments that provide risk reduction through diversification or through hedging, consistent with the Trustee's strategic asset allocation.

The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Scheme's assets. Before deciding to invest in an investment fund, the Trustee considers the proposed fees, and the expected investment return net of those fees, against the Trustee policies. These fees are prescribed in the IMAs which are reviewed from an investment and legal perspective upon investment. If at that point, the fees were not aligned with the wider market, the Investment Consultant would identify this and alert the Trustee. Action would then be taken. The Trustee subsequently reviews the fees annually to confirm they are in line with the wider market. If the fees are outside of expectations, action would be taken to address this. Knowledge of this process of evaluation incentivises the managers to retain fees that are competitive and in line with expectations.

The Investment Consultant, on behalf of the Trustee, monitors managers to confirm that they are meeting the Trustee's requirements with respect to portfolio costs and portfolio turnover as part of their wider manager research process. All portfolio costs are considered when evaluating a fund's expected net of fee return. When investment returns are reported, these are compared to the relevant expected returns and benchmarks. While no set target is in place, if portfolio turnover or portfolio costs were unreasonable and out of line with the wider market, the Investment Consultant would communicate this to the Trustee and action would be taken.

Review of investment performance

As of March 2025, the buy-in assets accounted for approximately 44% of total Scheme assets, Schroders Investment Management Limited is the principal investment manager of the Scheme's remaining assets, holding approximately 51% of total Scheme assets, Equitix Investment Management Limited and Threadneedle Alternative Investments Fund holds approximately 4% of total Scheme assets, and the Scheme's residual assets (including cash outside of the trustee bank account) which are held by the Custodian consists of less than 1% of total Scheme assets.

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TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 MARCH 2025

The allocation of the Scheme's investments, in terms of underlying investments at 31 March 2025 and 31 March 2024 were as follows:

	2025 %	2025 %	2024 %	2024 %
Total assets*		100		100
Return seeking		4		3
Infrastructure equity fund		4		3
Liability matching		96		97
LDI portfolio		31		32
UK gilts	18		19	
Index linked securities	19		21	
Repurchase agreements	(8)		(11)	
Liquidity and cash***	2		2	
Protected Equities**	-		1	
Corporate bonds		21		18
Buy-in		44		47

* Both 2024 and 2025 Asset Values include AVC assets

** The Protected Equities allocation shown represents the mark to market value (i.e. the cash value) of the portfolio, rather than the notional exposure to equity markets

*** Liquidity and cash includes Trustee bank account cash balance

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TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 MARCH 2025

Review of investment performance

Relative performance

The table below shows the annual performance over the financial year of the Scheme against its historical benchmark. Performance data is sourced from the corresponding asset manager.

Years ending 31 March	LV= Scheme %	Benchmark %
2021	0.7	-10.2
2022	-0.3	-6.0
2023	-11.8 *	-13.1 **
2024	2.3 *	2.6 **
2025***	-3.5 *	-3.8 **

*Scheme performance and benchmark performance calculated using annualised quarterly returns of the Scheme's investments over the period. Excludes buy-in.

** Benchmark performance calculated using annualised quarterly benchmark returns of the Scheme's investments over the period. Excludes buy-in.

*** Please note that for 2025 both the LDI and Protected Equities mandates are with Schroders. This is a change from 2024 in which the mandates were held with BlackRock and Insight for Q2 2023 and Schroders for the remainder of the year.

Overall, the Scheme's performance outperformed its benchmark over the past year by 0.3%. The Scheme's LDI portfolio fell in value over the year, as gilt yields increased. As the Scheme's LDI assets are designed to broadly offset the impact of changing interest rates and inflation on the value of the liabilities, this fall in asset value was also accompanied by a fall in the present value of the Scheme's liabilities. The Scheme's return-seeking assets achieved a positive return of 2.4% outperforming its respective benchmark by 0.5%.

Calculation of transfer values

All transfer values paid during the year were calculated and verified in accordance with regulations made under the Pension Schemes Act 1993. In accordance with the direction of the Trustee no allowance for discretionary benefits has been made in the calculation of transfer values. No transfers were made at less than their cash equivalent.

The Trustee, after taking actuarial advice, has decided not to accept individual transfers into the Scheme from other pension arrangements except for transfers back from the LV= Future Savings section of The Aon MasterTrust.

LV= EMPLOYEE PENSION SCHEME

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 MARCH 2025

The Pension Tracing Service, the MoneyHelper, the Pensions Ombudsman and The Pensions Regulator

In accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as amended, members are advised that:

- if they have general requests for information or guidance concerning pension arrangements contact MoneyHelper:
Address: Holborn Centre, 120 Holborn, London EC1N 2TD
Telephone: 0800 011 3797
Website: www.moneyhelper.org.uk
- if they have a complaint or dispute concerning a workplace or personal pension arrangement, they have the right to contact The Pensions Ombudsman free of charge:
Address: 10 South Colonnade, Canary Wharf, E14 4PU
Telephone: 0800 917 4487
Website: www.pensions-ombudsman.org.uk
Email: enquiries@pensions-ombudsman.org.uk

In addition to the above The Pensions Regulator may intervene in the running of pension schemes where trustees, managers, employees or professional advisers have failed in their duties:

Address: Telecom House, 125-135 Preston Road, Brighton, BN1 6AF
Email: customersupport@tpr.gov.uk

It has wide ranging powers which include the power to:

- suspend, disqualify and remove a trustee, or director of a trustee company, for consistently not carrying out their duties;
- wind up schemes where necessary;
- apply for injunctions to prevent the misuse and misappropriation of scheme assets and apply for restitution where necessary.

Information regarding the Scheme has been given to the Pension Tracing Service. You can trace your pension by contacting the Pension Tracing Service:

Telephone: 0800 731 0175
Website: www.gov.uk/find-pension-contact-details

The auditor and actuary have a statutory duty to make an immediate written report to The Pensions Regulator if they believe that legal duties concerned with the running of the Scheme are not being carried out.

LV= EMPLOYEE PENSION SCHEME

TRUSTEE'S REPORT *(continued)*

YEAR ENDED 31 MARCH 2025

Internal disputes resolution procedure

The Scheme operates an internal dispute procedure to enable any disputes to be settled fairly and quickly. A dispute may be raised by Members, spouses, or dependants of deceased Members or prospective Members.

In the first instance complaints should be in writing and addressed to the Pensions Partner, LV= Employee Pension Scheme, County Gates, Bournemouth BH1 2NF or e-mailed to mypension@lv.com with a subject that starts 'Complaint'. If the complainant is dissatisfied with the reply to the complaint they may refer the case to the Secretary of the Trustee at the same address.

In the event that the problem is still not rectified a Member can refer the complaint to the Pensions Ombudsman whose address is shown above.

Contact for further information

Further information about the Scheme is available on its website at www.lvpensionsvillage.co.uk

Any queries or complaints about the Scheme, including requests from individuals for information about their benefits or for a copy of Scheme documentation, should be sent to:

LV= Employee Pension Scheme
WTW
Sunderland
SR43 4JU

Email address: lv@wtwco.com
Tel: 01737 788102

Signed for and on behalf of the Trustee of the LV= Employee Pension Scheme by:

Trustee Director Huw Evans

Trustee Director Mark Laidlaw

Date 27/10/2025

Date 27/10/2025

LV= EMPLOYEE PENSION SCHEME

ACTUARIAL CERTIFICATE OF SCHEDULE OF CONTRIBUTIONS

LV= Employee Pension Scheme

Schedule of Contributions - Actuarial Certificate

Adequacy of contributions

In my opinion, the contributions shown in this schedule are such that the statutory funding objective on 31 March 2023 can be expected to be met by the end of the period specified in the recovery plan dated June 2024.

The contributions shown in this schedule are not lower than I would have set had I had responsibility for setting the schedule, the statement of funding principles and any recovery plan.

Consistency with statement of funding principles

In my opinion, this schedule of contributions is consistent with the statement of funding principles dated June 2024.

Please note that the adequacy of contributions statement in this certificate relates to the scheme's statutory funding objective. For the avoidance of doubt this certificate does not mean that the contributions shown in this schedule would be enough to secure the scheme's full liabilities with annuities if the scheme were to wind up.

Signature	A.S.Day.
Date	27 June 2024 09:02 BST
Name	Alec Day
Qualification	Fellow of the Institute and Faculty of Actuaries
Name of Employer	Hymans Robertson LLP
Address	One London Wall, London, EC2Y 5EA

This certificate is provided to meet the requirements of regulation 10(6) of The Occupational Pension Schemes (Scheme Funding) Regulations 2005.

LV= EMPLOYEE PENSION SCHEME

TRUSTEE'S STATEMENT ABOUT CONTRIBUTIONS

YEAR ENDED 31 MARCH 2025

Statement of Trustee's responsibilities in respect of contributions

(forming part of the Trustee's Report)

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active Members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active Member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the Members.

Trustee's summary of contributions

This summary of contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the Employer and Member contributions payable to the Scheme under the Schedules of Contributions certified by the actuary on 1 June 2022 and 27 June 2024 in respect of the Scheme year ended 31 March 2025. The Scheme auditor reports on contributions payable under the Schedules in their auditor's statement about contributions.

Contributions payable under the Schedules in respect of the Scheme year		2025
		£000
Employer:		
	Deficit	5,000
	For expenses	3,186
Contributions payable under the Schedules (as reported on by the Scheme auditor) and reported in the financial statements		8,186

Signed for and on behalf of the Trustee of the LV= Employee Pension Scheme by:

Trustee Director Huw Evans

Trustee Director Mark Laidlaw

Date 27/10/2025

Date 27/10/2025

LV= EMPLOYEE PENSION SCHEME

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE

YEAR ENDED 31 MARCH 2025

Statement about contributions payable under the Schedules of Contributions

We have examined the summary of contributions payable to the LV= Employee Pension Scheme, for the Scheme year ended 31 March 2025 which is set out on page 19.

In our opinion contributions for the Scheme year ended 31 March 2025 as reported in the summary of contributions and payable under the Schedules of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions certified by the Scheme Actuary on 1 June 2022 and 27 June 2024.

Basis of opinion

Our objective is to obtain sufficient evidence to give reasonable assurance that contributions reported in the summary of contributions have in all material respects been paid at least in accordance with the Schedules of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedules of Contributions.

Responsibilities of the Trustee

As explained more fully in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions which sets out the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the Employer and the active Members of the Scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of active Members of the Scheme and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the Schedules of Contributions.

Auditor's responsibilities for the statement about contributions

It is our responsibility to provide a Statement about Contributions paid under the Schedules of Contributions and to report our opinion to you.

Use of our report

This statement is made solely to the Scheme's Trustee, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our work, for this statement, or for the opinion we have formed.

Crowe UK LLP

Crowe U.K. LLP
Statutory Auditor
London

Date 27/10/2025

LV= EMPLOYEE PENSION SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE

YEAR ENDED 31 MARCH 2025

Opinion

We have audited the financial statements of LV= Employee Pension Scheme for the year ended 31 March 2025 which comprise the fund account, the statement of net assets (available for benefits) and the related notes set out therein.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2025, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulations 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

However, as we cannot predict all future events or conditions, and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Scheme will continue in operation.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

LV= EMPLOYEE PENSION SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE *(continued)*

YEAR ENDED 31 MARCH 2025

Other information

The Trustee is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Trustee for the financial statements

As explained more fully in the Statement of Trustee's Responsibilities set out on page 6, the Trustee is responsible for the preparation of financial statements, for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, The Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Scheme or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

We set out below the key areas which, in our opinion the financial statements are susceptible to material misstatement by way of irregularities including fraud and the extent to which our procedures are capable of detecting these.

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for bias.

LV= EMPLOYEE PENSION SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE *(continued)*

YEAR ENDED 31 MARCH 2025

- Misappropriation of investment assets owned by the Scheme. This is addressed by obtaining direct confirmation from the investment manager of investments held at the Statement of Net Assets date.
- Diversion of assets through large investment transactions. Reviewing the AAF 01/20 / ISAE 3402 Assurance Reports on Internal Controls or similar for fund managers and testing investment transactions to the investment manager reports.
- Non-receipt of contributions due to the Scheme from the employer. This is addressed by testing contributions due are paid to the Scheme in accordance with the schedule of contributions agreed between the employer and Trustee.
- Verification of the right to annuity income from bulk annuity policy. This is addressed by testing that the amounts receivable from the bulk annuity provider are consistent with the contract.
- We have identified relevant laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, as the Pensions Acts 1995 and 2004 (and regulations made thereunder), FRS 102, and the Pensions Statement of Recommended Practice (SORP). We considered the extent to which a material misstatement of the financial statements might arise as a result of non-compliance.
- Reviewing meeting minutes and any correspondence with the Pensions Regulator.
- Discussing whether there are any significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

LV= EMPLOYEE PENSION SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE *(continued)*

YEAR ENDED 31 MARCH 2025

Use of our report

This report is made solely to the Scheme's Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe UK LLP

Crowe U.K. LLP
Statutory Auditor
London

Date 27/10/2025

LV= EMPLOYEE PENSION SCHEME

FUND ACCOUNT

YEAR ENDED 31 MARCH 2025

	Note	2025 £000	2024 £000
Contributions and benefits			
Employer contributions		8,186	7,987
Total contributions	5	8,186	7,987
Transfers in	6	361	65
Other income	7	2	–
		<u>8,549</u>	<u>8,052</u>
Benefits	8	(47,602)	(42,974)
Payments to and on account of leavers	9	(476)	(1,630)
Group transfers out	10	–	(242,213)
Administrative expenses	11	(3,060)	(2,956)
		<u>(51,138)</u>	<u>(289,773)</u>
Net withdrawals from dealings with members		(42,589)	(281,721)
Returns on investments			
Investment income	12	11,568	18,917
Change in market value of investments	13	(66,923)	(87,774)
Investment management expenses	14	(879)	(942)
Net returns on investments		(56,234)	(69,799)
Net decrease in the fund during the year		(98,823)	(351,520)
Net assets of the Scheme			
At 1 April		926,296	1,277,816
At 31 March		827,473	926,296

All DC and AVC assets held in the DC Section of the Scheme transferred to The Aon Master Trust in April 2023 as such there are no DC fund account transactions in the 2025 financial year. The DC Section comparative fund account for 2024 is disclosed in note 3 of the accounts.

The notes on pages 28 to 50 form part of these financial statements.

LV= EMPLOYEE PENSION SCHEME

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)

AS AT 31 MARCH 2025

	Note	2025 £000	2024 £000
Investment assets	13		
Bonds		553,464	630,253
Pooled investment vehicles	17	35,538	49,250
Derivatives	18	3,439	8,066
Insurance policies	19	374,169	414,927
AVC investments	20	69	66
Cash and cash equivalent	21	11,850	7,911
Other investment balances	22	87,096	88,320
		<u>1,065,625</u>	<u>1,198,793</u>
Investment liabilities	13		
Derivatives	18	(8,146)	(456)
Cash and cash equivalents	21	–	(600)
Other investment balances	22	(231,427)	(272,910)
		<u>(239,573)</u>	<u>(273,966)</u>
Total net investments		826,052	924,827
Current assets	27	5,754	5,253
Current liabilities	28	(4,333)	(3,784)
Net assets of the Scheme at 31 March		<u>827,473</u>	<u>926,296</u>

The notes on pages 28 to 50 form part of these financial statements.

LV= EMPLOYEE PENSION SCHEME

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) *(continued)*

AS AT 31 MARCH 2025

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes account of such obligations, is dealt with in the Report on Actuarial Liabilities in the Trustee's report on pages 8 to 9 and these financial statements should be read in conjunction with this report.

Signed for and on behalf of the Trustee of the LV= Employee Pension Scheme by:

Trustee Director Huw Evans

Trustee Director Mark Laidlaw

Date 27/10/2025

Date 27/10/2025

The notes on pages 28 to 50 form part of these financial statements.

LV= EMPLOYEE PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2025

1. General information

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included in the Trustee's report.

2. Basis of preparation

The financial statements of the Scheme have been prepared on a going concern basis in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised June 2018) ("the SORP").

3. Comparative fund account

	Note	DB Section 2024 £000	DC Section 2024 £000	Total 2024 £000
Contributions and benefits				
Employer contributions		7,987	—	7,987
Total contributions	5	7,987	—	7,987
Transfers in	6	65	—	65
		8,052	—	8,052
Benefits	8	(42,902)	(72)	(42,974)
Payments to and on account of leavers	9	(1,630)	—	(1,630)
Group transfers out	10	—	(242,213)	(242,213)
Administrative expenses	11	(2,956)	—	(2,956)
		(47,488)	(242,285)	(289,773)
Net withdrawals from dealings with members		(39,436)	(242,285)	(281,721)
Returns on investments				
Investment income	12	18,917	—	18,917
Change in market value of investments		(91,180)	3,406	(87,774)
Investment management expenses	14	(668)	(274)	(942)
Net returns on investments		(72,931)	3,132	(69,799)
Net decrease in the fund during the year		(112,367)	(239,153)	(351,520)
Transfers between sections	16	41	(41)	—
Net assets of the Scheme				
At 1 April		1,038,622	239,194	1,277,816
At 31 March		926,296	—	926,296

LV= EMPLOYEE PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2025

4. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Scheme's functional currency and presentational currency is pounds sterling (GBP).

Contributions

Employer's deficit and expenses contributions are accounted for as they fall due in accordance with the Schedule of Contributions.

Transfers to and from other schemes

Individual transfers in or out are accounted for when paid or received which is normally when Member liability is accepted/discharged. Group transfers out are accounted for in accordance with the terms of the transfer agreement.

Benefits

Pensions payable in respect of the Scheme year are accounted for by reference to the year to which they relate. Other benefits are accounted for in the year in which the Member notifies the Trustee of his decision on the type or amount of benefit to be taken or, if there is no Member choice, on the date of retirement or leaving.

Expenses

Expenses are accounted for by reference to the year to which they relate.

Investment income

Pooled investment vehicle income, other investment income and interest on cash deposits and bonds is accounted for by reference to the year to which it relates. Investment income is shown net of any tax withheld whilst any tax recoverable is included with the appropriate income.

Investment income arising from the underlying investments of the pooled investment vehicles which is reinvested within the pooled investment vehicles and reflected in the unit price is reported within 'Change in Market Value'.

Annuity income is accounted for on an accruals basis and included in insurance policies sales.

4. Accounting policies (continued)

Investments

Securities

Bonds are stated at their clean prices and accrued income is accounted for within investment income. Pooled investment vehicles are valued at the bid price or single price where there are no bid/offer spreads as provided by the investment manager. The fees and costs of acquiring and disposing of investments are included in their purchase and sale price. Infrastructure and private equity funds are valued by the fund managers or their third party agents, where the underlying investments held within those funds are valued at their fair value. Where valuations from third parties are not available at the year end, the Trustee has established fair value by reference to recent arm's length transactions or other investments that are substantially the same.

Short sold bonds are stated at their clean prices and accrued income is accounted for as negative within investment income.

Change in market value of investments includes realised gains, unrealised gains and changes in the sterling value of assets (including cash) caused by exchange rates.

Repurchase and reverse repurchase agreements

Securities sold subject to repurchase agreements are included in the financial statements as assets of the Scheme at their year-end market value. The cash received is recognised as an asset of the Scheme and the obligation to pay it back is recognised as a payable amount and it is included under repurchase agreements in other investment liabilities.

The Scheme does not recognise as assets of the Scheme the securities received as collateral when it enters into reverse repurchase agreements. The Scheme does however recognise the cash delivered to the counterparty as receivable in these financial statements and it is included under reverse repurchase agreements in other investment assets.

Derivatives

Derivatives are stated at fair value.

Exchange traded derivatives are stated at fair value determined using market quoted prices. For exchange traded derivative contracts which are assets, fair value is based on quoted bid prices. For exchange traded derivative contracts which are liabilities, fair value is based on quoted offer prices.

OTC derivatives are stated at fair value using pricing models and relevant market data as at the year-end date.

All gains and losses arising on derivative contracts are reported within 'Change in Market Value'.

Investments are included at fair value, however because of the inherent uncertainty associated with the valuation of some of these investments due to the absence of a liquid market, these fair values may differ from their realisable value.

LV= EMPLOYEE PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2025

4. Accounting policies (continued)

Annuity insurance policies

Annuity insurance policies with Standard Life Assurance Limited for 21 members (2024: 27 members) were valued by the Scheme Actuary at the year-end using the same actuarial assumptions adopted for on-going purposes in the triennial valuation of the Scheme. The annuity income is used to pay pensions of these members.

The valuation of the bulk annuity insurance policy with Phoenix Life Limited is based on the actuarial assumptions adopted for the ongoing purposes in the 31 March 2023 triennial valuation of the Scheme. Specifically, the discount rate used was the discount rate of the gilt yield curve as at 31 March 2025 to reflect the risk-free nature of the insurance policy. The membership data used in the valuation is as at 31 March 2023.

AVCs

AVC investments are included at the values provided by the AVC providers.

Foreign currency conversion

Balances denominated in foreign currencies are translated at the rate ruling at the net assets statement date. Asset and liability balances are translated at the bid and offer rates respectively. Transactions denominated in foreign currencies are translated at the rate ruling at the date of the transaction. Differences arising on investment balance translation are accounted for in the change in market value of investments during the year.

5. Contributions

	2025		
	DB Section	DC Section	Total
	£000	£000	£000
Employer contributions			
Deficit funding	5,000	—	5,000
For expenses	3,186	—	3,186
	<u>8,186</u>	<u>—</u>	<u>8,186</u>
	2024		
	DB Section	DC Section	Total
	£000	£000	£000
Employer contributions			
Deficit funding	5,001	—	5,001
For expenses	2,986	—	2,986
	<u>7,987</u>	<u>—</u>	<u>7,987</u>

LV= EMPLOYEE PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2025

5. Contributions *(continued)*

The Employer has paid the above contributions towards the deficit and costs of administration.

Deficit funding contributions of £416,777 per month are receivable up to 31 March 2028 in accordance with the Schedule of Contributions certified by the Scheme Actuary on 27 June 2024 and the Schedule of Contributions certified by the Scheme Actuary on 1 June 2022.

Contributions towards the regular expenses of administering the Scheme (excluding exceptional expenses and PPF levies) are receivable up to 30 June 2029 at the rate of £265,477 per month, to be increased each 1 April (the first increase being on 1 April 2025) in line with 1.5% p.a. in excess of price inflation, in accordance with the Schedule of Contributions certified by the Scheme Actuary on 27 June 2024. £216,542 per month was receivable up to 26 June 2024 in accordance with the Schedule of Contributions certified by the Scheme Actuary on 1 June 2022.

6. Transfers in

	2025		Total £000
	DB Section £000	DC Section £000	
Individual transfers in from other schemes	<u>361</u>	<u>—</u>	<u>361</u>

	2024		Total £000
	DB Section £000	DC Section £000	
Individual transfers in from other schemes	<u>65</u>	<u>—</u>	<u>65</u>

7. Other income

	2025		Total £000
	DB Section £000	DC Section £000	
Other income	<u>2</u>	<u>—</u>	<u>2</u>

	2024		Total £000
	DB Section £000	DC Section £000	
Other income	<u>—</u>	<u>—</u>	<u>—</u>

8. Benefits

	2025		Total £000
	DB Section £000	DC Section £000	
Pensions	40,474	—	40,474
Commutations and retirement lump sums	6,982	—	6,982
Purchase of annuities	3	—	3
Lump sum death benefits	143	—	143
	<u>47,602</u>	<u>—</u>	<u>47,602</u>

LV= EMPLOYEE PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2025

8. Benefits (continued)

	2024		
	DB Section	DC Section	Total
	£000	£000	£000
Pensions	39,014	–	39,014
Commutations and retirement lump sums	3,692	–	3,692
Purchase of annuities	8	–	8
Lump sum death benefits	188	72	260
	<u>42,902</u>	<u>72</u>	<u>42,974</u>

9. Payments to and on account of leavers

	2025		
	DB Section	DC Section	Total
	£000	£000	£000
Individual transfers out	<u>476</u>	<u>–</u>	<u>476</u>

	2024		
	DB Section	DC Section	Total
	£000	£000	£000
Individual transfers out	<u>1,630</u>	<u>–</u>	<u>1,630</u>

10. Group transfers out

	2025		
	DB Section	DC Section	Total
	£000	£000	£000
Group transfers out	<u>–</u>	<u>–</u>	<u>–</u>

	2024		
	DB Section	DC Section	Total
	£000	£000	£000
Group transfers out	<u>–</u>	<u>242,213</u>	<u>242,213</u>

In April 2023 all Members' existing DC assets and AVCs held in the DC Section of the Scheme, were transferred to the LV= Future Savings section of The Aon MasterTrust.

11. Administrative expenses

	2025		
	DB Section	DC Section	Total
	£000	£000	£000
Administration fees	887	–	887
Legal and other fees	1,026	–	1,026
Actuarial and consultancy fees	1,061	–	1,061
Audit fee	86	–	86
	<u>3,060</u>	<u>–</u>	<u>3,060</u>

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NOTES TO THE FINANCIAL STATEMENTS

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11. Administrative expenses *(continued)*

	2024		
	DB Section	DC Section	Total
	£000	£000	£000
Administration fees	567	—	567
Legal and other fees	1,127	—	1,127
Actuarial and consultancy fees	1,184	—	1,184
Audit fee	78	—	78
	<u>2,956</u>	<u>—</u>	<u>2,956</u>

12. Investment income

	2025		
	DB Section	DC Section	Total
	£000	£000	£000
Income from bonds	15,115	—	15,115
Income from pooled investment vehicles	—	—	—
Interest paid on repurchase transactions	(3,866)	—	(3,866)
Interest on cash deposits	319	—	319
	<u>11,568</u>	<u>—</u>	<u>11,568</u>

	2024		
	DB Section	DC Section	Total
	£000	£000	£000
Income from bonds	19,558	—	19,558
Income from pooled investment vehicles	853	—	853
Interest paid on repurchase transactions	(1,879)	—	(1,879)
Interest on cash deposits	385	—	385
	<u>18,917</u>	<u>—</u>	<u>18,917</u>

Annuity income is reflected through investments.

Swap income is included in change in market value in Note 13.

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NOTES TO THE FINANCIAL STATEMENTS

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13. Investments

	Value at 1 April 2024 £000	Purchases at cost and derivative payments £000	Sales proceeds and derivative receipts £000	Change in market value £000	Value at 31 March 2025 £000
Bonds	630,253	47,741	(72,110)	(52,420)	553,464
Pooled investment vehicles	49,250	33,666	(47,833)	455	35,538
Derivatives	7,610	33,206	(39,795)	(5,728)	(4,707)
Insurance policies	414,927	–	(31,790)	(8,968)	374,169
AVC investments	66	–	–	3	69
	<u>1,102,106</u>	<u>114,613</u>	<u>(191,528)</u>	<u>(66,658)</u>	<u>958,533</u>
Cash and cash equivalents	7,311			(599)	11,850
Other investment balances	(184,590)			334	(144,331)
	<u>924,827</u>			<u>(66,923)</u>	<u>826,052</u>

The investment sales and purchases were primarily as a result of investment switches within the Schroders investment portfolio. In addition there was £31.7m in respect of annuity income which is recorded as insurance policy sales.

Transaction costs

Costs are borne by the Scheme in relation to transactions in pooled investment vehicles. However, such costs are taken into account in calculating the bid/offer spread of these investments and are not therefore separately identifiable.

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

14. Investment management expenses

	2025		Total
	DB Section £000	DC Section £000	£000
Administration, management and custody fees	<u>879</u>	<u>–</u>	<u>879</u>
	2024		Total
	DB Section £000	DC Section £000	£000
Administration, management and custody fees	<u>668</u>	<u>274</u>	<u>942</u>

15. Taxation

The Scheme is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2025

16. Transfers between sections

	2025		Total £000
	DB Section £000	DC Section £000	
Transfers between sections	<u>—</u>	<u>—</u>	<u>—</u>

	2024		Total £000
	DB Section £000	DC Section £000	
Transfers between sections	<u>41</u>	<u>(41)</u>	<u>—</u>

The transfers between sections during the year ended 31 March 2024 relate to DB Section members who had investments in the DC Section which were used to pay member payments from the DB Section.

17. Pooled investment vehicles

The Scheme's investments in pooled investment vehicles at the year-end comprised:

	2025		Total £000
	DB Section £000	DC Section £000	
Cash	4,916	—	4,916
Venture Capital Trusts	1,363	—	1,363
Infrastructure fund	29,259	—	29,259
	<u>35,538</u>	<u>—</u>	<u>35,538</u>

	2024		Total £000
	DB Section £000	DC Section £000	
Cash	17,544	—	17,544
Venture Capital Trusts	1,610	—	1,610
Infrastructure fund	30,096	—	30,096
	<u>49,250</u>	<u>—</u>	<u>49,250</u>

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2025

18. Derivatives

The Trustee has authorised the use of derivatives by its investment managers as part of its investment strategy for the Scheme. At the year-end the Scheme had the following derivatives:

	2025		
	DB Section	DC Section	Total
	£000	£000	£000
Derivative assets			
Futures	—	—	—
Options	298	—	298
Swaps	1,749	—	1,749
Forward FX contracts	1,392	—	1,392
	<u>3,439</u>	<u>—</u>	<u>3,439</u>
Derivative liabilities			
Futures	—	—	—
Options	—	—	—
Swaps	(8,109)	—	(8,109)
Forward FX contracts	(37)	—	(37)
	<u>(8,146)</u>	<u>—</u>	<u>(8,146)</u>
	<u>(4,707)</u>	<u>—</u>	<u>(4,707)</u>
	2024		
	DB Section	DC Section	Total
	£000	£000	£000
Derivative assets			
Futures	—	—	—
Options	29	—	29
Swaps	7,954	—	7,954
Forward FX contracts	83	—	83
	<u>8,066</u>	<u>—</u>	<u>8,066</u>
Derivative liabilities			
Futures	(106)	—	(106)
Options	—	—	—
Swaps	—	—	—
Forward FX contracts	(350)	—	(350)
	<u>(456)</u>	<u>—</u>	<u>(456)</u>
	<u>7,610</u>	<u>—</u>	<u>7,610</u>

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2025

18. Derivatives (continued)

Objectives and policies

The Trustee has authorised the use of derivatives by its investment managers as part of its investment strategy for the Scheme. The main objectives for the use of derivatives are to facilitate efficient portfolio management and/or for risk management purposes. Futures, options, swaps and forward contracts are all permitted for these purposes. The investment guidelines for each manager has appropriate restrictions regarding the use of derivatives.

Options

The Scheme had outstanding options at the year-end as follows:

Nature	No. of contracts	Notional principal £000	Expires	Asset value £000	Liability value £000
North American Equity Put Options	22	1,379	< 1 year	298	–
Total 2025		1,379		298	–
Total 2024		1,002		29	–

Swaps

The Scheme had derivative swap contracts outstanding at the year-end relating to its fixed interest investment portfolio. These contracts are traded over the counter (OTC). The details are:

Nature	No. of contracts	Notional amounts £000	Expires	Asset value £000	Liability value £000
Interest rate swaps	8	53,588	2028-2038	831	(197)
Total return swaps	24	19,380	To Mar 2026	918	(7,912)
Total 2025		72,968		1,749	(8,109)
Total 2024		44,027		7,954	–

The Scheme held collateral of £1,967,000 and pledged collateral of £4,600,000 in the form of UK index-linked gilts and cash at the 31 March 2025 (2024: held £7,049,000 and pledged £213,000) in respect of the swaps.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2025

18. Derivatives *(continued)*

Forward foreign exchange

The Scheme had open OTC forward foreign exchange contracts at the year-end as follows:

Contract	No. of contracts	Currency bought '000	Currency sold '000	Asset value £000	Liability value £000
Apr 2025	1	GBP 8,836	EUR 10,598	–	(37)
Apr 2025	2	GBP 42,840	USD 53,512	1,382	–
Apr 2025	1	USD 2,800	GBP 2,160	10	–
Total 2025				<u>1,392</u>	<u>(37)</u>
Total 2024				<u>83</u>	<u>(350)</u>

19. Insurance policies

	2025		Total
	DB Section £000	DC Section £000	£000
Annuities	<u>374,169</u>	<u>–</u>	<u>374,169</u>
	2024		Total
	DB Section £000	DC Section £000	£000
Annuities	<u>414,927</u>	<u>–</u>	<u>414,927</u>

On 29 May 2020, the longevity insurance agreement was converted to a bulk annuity insurance policy with Phoenix Life Limited providing benefit payments to the Scheme for the same members who were covered by the longevity insurance agreement. The insurance contract provided benefit payments to the Scheme in respect of all deferred pensioners aged 55 and over at 31 December 2011 together with benefit payments in respect of all covered pensioners at the same date together with contingent benefits (but excluding children).

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19. Insurance policies *(continued)*

The bulk annuity insurance policy with Phoenix Life Limited was valued by Hymans Robertson LLP using a GILTs based discount rate at £373,100,000 at 31 March 2025 (2024: £413,700,000). The value fell over the year, as UK government bond yields rose. As the Scheme's assets are designed to broadly offset the impact of changing interest rates/government bond yields and inflation on the value of the liabilities, this fall in value was also accompanied by a fall in the Scheme's liabilities.

Key assumptions

The value of the bulk annuity insurance policy with Phoenix Life Limited was set to be equal to the liabilities as determined on the basis applicable at 31 March 2025, following the principles laid out in the statement of funding principles agreed as part of the 31 March 2023 formal valuation of the Scheme (with the exception of the discount rate) and as detailed below. For 31 March 2023 valuation shown in this note the principles laid out in the statement of funding principles agreed as part of the 31 March 2021 formal valuation of the Scheme have been followed.

	Statement of Funding Principles - 31 March 2023
Discount rate (pre and post retirement)	Gilt yield curve as at 31 March 2025 (in the technical provisions calculations, flat gilts discount rate used as a proxy for a risk-free rate to value the insured liabilities, given the secure nature of the insured benefits)
Retail prices index (RPI)	Market expectation of future inflation dependent on term as measured by the difference between yields on fixed and index-linked government bonds
Consumer prices index (CPI)	Price inflation (RPI) as derived above less 1% p.a. pre-2030, and less 0% p.a. post-2030
Pension increases	In line with fixed increases or RPI inflation, subject to floors and caps as appropriate. Where floors, and caps apply to the level of pension increases awarded, then these are determined by applying swap market-implied volatilities to the appropriate inflation curve.
Longevity - base tables	2023 VITA tables
Longevity - future improvements	CMI 2022 model, calibrated to Club VITA experience, with a 25% weighting to 2022 data, an initial addition to improvements of 0.25%, increased level of smoothing ($S_k = 7.0$) to reduce the reaction to the most recent data, a long term annual rate of improvement of 1.50% p.a., tapering to 0% p.a. over ages 85 to 110 and with all other parameters in line with the core parameterisation of the model.

In order to calculate the value of the bulk annuity insurance policy with Phoenix Life Limited, the liabilities of the 3,587 members covered by the buy-in at 31 March 2023 have been projected forward to 31 March 2025 using approximate methods allowing for changes in financial assumptions.

An initial data cleanse has been completed, and a true-up payment is being calculated.

20. AVC investments

		2025	
	DB Section	DC Section	Total
	£000	£000	£000
Utmost Life and Pensions Limited (unit-linked)	61	—	61
Standard Life Assurance Limited (with-profits)	8	—	8
	<u>69</u>	<u>—</u>	<u>69</u>

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20. AVC investments *(continued)*

	2024		
	DB Section	DC Section	Total
	£000	£000	£000
Utmost Life and Pensions Limited (unit-linked)	58	—	58
Standard Life Assurance Limited (with-profits)	8	—	8
	<u>66</u>	<u>—</u>	<u>66</u>

The Trustee holds assets invested separately from the main fund which secure additional benefits on a money purchase basis for those Members electing to pay AVCs. Members participating in this arrangement each receive an annual statement confirming the amounts held on their behalf and the movements in the year. The aggregate amounts of AVC investments are shown above.

In addition, there are AVCs of £1,272,070 (2024: £1,753,493) held within the core investments.

21. Cash and cash equivalents

	2025		
	DB Section	DC Section	Total
	£000	£000	£000
Cash assets			
Sterling	10,265	—	10,265
Foreign currency	1,585	—	1,585
	<u>11,850</u>	<u>—</u>	<u>11,850</u>
Cash liabilities			
Sterling	—	—	—
Foreign currency	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>
	<u>11,850</u>	<u>—</u>	<u>11,850</u>

LV= EMPLOYEE PENSION SCHEME

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21. Cash and cash equivalents *(continued)*

		2024	
	DB Section	DC Section	Total
	£000	£000	£000
Cash assets			
Sterling	6,248	—	6,248
Foreign currency	1,663	—	1,663
	<u>7,911</u>	<u>—</u>	<u>7,911</u>
Cash liabilities			
Sterling	(43)	—	(43)
Foreign currency	(557)	—	(557)
	<u>(600)</u>	<u>—</u>	<u>(600)</u>
	<u>7,311</u>	<u>—</u>	<u>7,311</u>

22. Other investment balances

		2025	
	DB Section	DC Section	Total
	£000	£000	£000
Other investment balances assets			
Accrued income	3,924	—	3,924
Securities under reverse repurchase agreements	83,172	—	83,172
	<u>87,096</u>	<u>—</u>	<u>87,096</u>
Other investment balances liabilities			
Securities under repurchase agreements	(148,358)	—	(148,358)
Accrued income	—	—	—
Short sold bonds	(83,069)	—	(83,069)
	<u>(231,427)</u>	<u>—</u>	<u>(231,427)</u>
	<u>(144,331)</u>	<u>—</u>	<u>(144,331)</u>

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22. Other investment balances *(continued)*

	DB Section £000	2024 DC Section £000	Total £000
Other investment balances assets			
Accrued income	4,895	—	4,895
Securities under reverse repurchase agreements	83,425	—	83,425
	<u>88,320</u>	<u>—</u>	<u>88,320</u>
Other investment balances liabilities			
Securities under repurchase agreements	(188,683)	—	(188,683)
Accrued income	(824)	—	(824)
Short sold bonds	(83,403)	—	(83,403)
	<u>(272,910)</u>	<u>—</u>	<u>(272,910)</u>
	<u>(184,590)</u>	<u>—</u>	<u>(184,590)</u>

Securities under repurchase agreements

Since March 2015 as part of its change in investment portfolio and the introduction of an LDI portfolio the Scheme has entered into repurchase agreements using its UK government conventional and index linked gilts as the underlying security. The Scheme retains the entitlement to receive income accruing on these securities and has a contractual agreement to repurchase the securities at a specified future date.

The securities are included in the financial statements as assets of the Scheme at their market value. At 31 March 2025 the market value of securities sold under repurchase agreements was £143.9m (31 March 2024: £197.0m). Amounts payable to counterparties under repurchase agreements are disclosed as liabilities in the Scheme's financial statements under investment liabilities. At 31 March 2025 this amounted to £148.4m (31 March 2024: £188.7m).

The Scheme has also entered into reverse repurchase agreements. At 31 March 2025 the market value of securities received as collateral in respect of reverse repurchase agreements was £83.6m (31 March 2024: £83.9m). Amounts receivable from counterparties under reverse repurchase agreements are disclosed as assets in the Scheme's financial statements under investment assets. At 31 March 2025 this amounted to £83.2m (31 March 2024: £83.4m).

The Scheme also pledged collateral of £6,707,000 in the form of UK index-linked gilts at the 31 March 2025 in respect of the securities under repurchase agreements and reverse repurchase agreements (31 March 2024: held collateral of £6,331,000).

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23. Fair value determination

The fair value of financial instruments has been estimated using the following fair value hierarchy:

- Level 1 – the unadjusted quoted price in an active market for an identical asset or liability that the entity can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly;
- Level 3 – inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Scheme's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

	At 31 March 2025			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Bonds	387,796	165,668	–	553,464
Pooled investment vehicles	–	6,279	29,259	35,538
Derivatives	–	(4,707)	–	(4,707)
Insurance policies	–	–	374,169	374,169
AVC investments	–	61	8	69
Cash and cash equivalents	11,850	–	–	11,850
Other investment balances	(79,145)	(65,186)	–	(144,331)
	<u>320,501</u>	<u>102,115</u>	<u>403,436</u>	<u>826,052</u>
	At 31 March 2024			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Bonds	459,153	171,100	–	630,253
Pooled investment vehicles	–	19,154	30,096	49,250
Derivatives	(105)	7,715	–	7,610
Insurance policies	–	–	414,927	414,927
AVC investments	–	58	8	66
Cash and cash equivalents	7,311	–	–	7,311
Other investment balances	(79,332)	(105,258)	–	(184,590)
	<u>387,027</u>	<u>92,769</u>	<u>445,031</u>	<u>924,827</u>

24. Investment risk disclosures

Investment risks

FRS 102 requires disclosure of information on certain investment risks to which the Scheme is exposed. These are:

Credit risk: the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk comprises currency risk, interest rate risk and other price risk as follows:

- **Currency risk** is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk** is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk** is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee determines their investment strategy after taking advice from the investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

Further information on the Trustee's approach to risk management, credit and market risk is set out below. This does not include the Standard Life annuity or the AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

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YEAR ENDED 31 MARCH 2025

24. Investment risk disclosures *(continued)*

Investment strategy

The investment objective of the Scheme is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits payable under the trust deed and rules as they fall due. This is combined with an objective of achieving returns in excess of the growth of liabilities.

The Trustee sets the investment strategy for the Scheme taking into account considerations such as the strength of the employer covenant, the long-term liabilities of the Scheme and the funding agreed with the Employer. The investment strategy is set out in its Statement of Investment Principles (SIP).

Further information on the investment strategy can be found in the Trustee's Report under 'Investment objectives and strategy'.

The following table summarises the extent to which the various classes of investments are affected by financial risks:

Type	Market risk					2025 £'000	2024 £'000
	Direct credit risk	Indirect credit risk	Currency risk	Interest rate risk	Other price risk		
Bonds	●	○	●	●	○	553,464	630,253
Pooled investment vehicles							
Cash funds	○	●	○	●	○	4,916	17,544
Venture capital trusts	○	●	●	○	●	1,363	1,610
Infrastructure funds	○	●	○	●	●	29,259	30,096
Derivatives							
Futures	○	○	●	●	●	–	(106)
OTC Options	●	○	●	○	●	298	29
OTC Swaps	●	○	●	●	●	(6,360)	7,954
OTC Forward FX contracts	●	○	●	○	○	1,355	(267)
Phoenix Life bulk annuity insurance policy	●	○	○	●	●	373,100	413,700
Cash deposits	○	○	○	○	○	11,850	7,311
Other investment balances	●	○	●	●	○	(144,331)	(184,590)
Total						824,914	923,534

In the above table, the risk noted affects the asset class (●) significantly, (●) partially or (○) hardly/not at all and relate to both the current and preceding year end. Please note that the Phoenix Life bulk annuity insurance policy risk sits with the insurer.

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24. Investment risk disclosures *(continued)*

(i) Credit risk

The Scheme is subject to direct credit risk as there is direct investments in bonds, over the counter derivative contracts, gilt repurchase agreements (contained within other investment balances) and the annuity insurance policy.

Over the counter derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. This is mitigated by daily collateralisation, by diversifying exposure across a number of counterparties and by the manager's ongoing assessment of the creditworthiness of each counterparty. Further details are provided in Note 18.

Credit risk on other investment balances (repurchase agreements) is mitigated through the use of a range of collateral arrangements as disclosed in Note 22.

Credit risk arising from the Phoenix Life bulk annuity insurance policy is mitigated through the use of a provider with the appropriate skill, processes and size to manage these assets, as well as the regulatory environment in which UK insurers operate. The Scheme is also protected by the Financial Services Compensation Scheme.

Prior to the purchase of the annuity policy with Phoenix Life a due diligence exercise was undertaken to mitigate credit risk.

Cash is held within financial institutions which are at least investment grade credit rated.

Pooled funds are generally unrated due to the nature of the investment. Credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager and the regulatory environments in which the pooled managers operate. The Trustee or its advisers carry out due diligence checks prior to the appointment of new pooled investment managers and monitor any changes to the operating environment of the pooled manager.

A summary of pooled investment vehicles by type of arrangement is as follows:

	2025	2024
	£000	£000
UCITS Mutual Fund	4,916	17,544
Limited Partnerships	30,622	31,706
Total	35,538	49,250

The Scheme is also subject to indirect credit risk in relation to underlying investments held in the UCITS Mutual Fund (cash funds) and Limited Partnerships (which includes the venture capital trust and the infrastructure fund) as shown in the table above, although the proportion subject to credit risk will depend on the investment held at the time. The investment managers will consider the risk and expected reward when determining which investments to invest in. This was the case at the current and preceding year end.

(ii) Currency risk

The Scheme is subject to direct currency risk on the bonds and derivatives positions. However, the currency risk arising from the Scheme's corporate bonds with Schroders is fully hedged back to GBP by Schroders.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2025

24. Investment risk disclosures *(continued)*

(iii) Interest rate risk

The Scheme is subject to interest rate risk through its investments in bonds, OTC swaps and other investment balances which consists of repurchase agreements. These investments are used to hedge interest rate risk arising from the Scheme's liabilities. Under this strategy, if interest rates fall, the value of liability driven investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the liability driven investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

(iv) Other price risk

Other price risk arises from the Scheme's venture capital trust, infrastructure funds and the futures, option and swap derivatives; the specific risk will vary depending on the investments held at the time. The managers manage this exposure to overall price movements by constructing a diverse portfolio of investments across various markets and this was the case at the current and preceding year end.

The Scheme obtains equity exposure via a volatility-controlled approach. The strategy has a 10% volatility target, and the amount of equity exposure is adjusted to achieve this target. In less volatile markets, the equity holding is increased and in more volatile markets, the equity exposure is reduced. This strategy is implemented with OTC options and a total return swap as detailed in Note 18 which provide downside protection against a sudden fall in equity markets.

(v) Longevity risk

The Scheme converted its longevity swap to an annuity policy with Pheonix Life Limited in June 2020.

25. Concentration of investments

The following investments amounted to more than 5% of the total net assets of the Scheme:

	2025		2024	
	£000	%	£000	%
Phoenix Life Limited bulk annuity insurance policy	373,100	45.1	413,700	44.7

26. Employer related investments

There were no employer related investments held during the year or at the year end.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2025

27. Current assets

	2025		
	DB Section	DC Section	Total
	£000	£000	£000
Contributions due in respect of:			
Employers	682	—	682
Other debtors and prepayments	13	—	13
Cash balances	5,059	—	5,059
	<u>5,754</u>	<u>—</u>	<u>5,754</u>
	2024		
	DB Section	DC Section	Total
	£000	£000	£000
Contributions due in respect of:			
Employers	666	—	666
Other debtors and prepayments	2,100	—	2,100
Cash balances	2,487	—	2,487
	<u>5,253</u>	<u>—</u>	<u>5,253</u>

The contributions due at the year-end have been received by the Scheme following the year end in accordance with the Schedule of Contributions.

28. Current liabilities

	2025		
	DB Section	DC Section	Total
	£000	£000	£000
Unpaid benefits	705	—	705
Other creditors and accruals	3,628	—	3,628
	<u>4,333</u>	<u>—</u>	<u>4,333</u>
	2024		
	DB Section	DC Section	Total
	£000	£000	£000
Unpaid benefits	92	—	92
Other creditors and accruals	3,692	—	3,692
	<u>3,784</u>	<u>—</u>	<u>3,784</u>

LV= EMPLOYEE PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2025

29. Related party transactions

The Scheme has paid benefits in respect of certain Trustee Directors who are members of the Scheme.

Administrative expenses for the year ended 31 March 2025 of £215,000 (2024: £201,000) were charged by the Principal Employer.

As at 31 March 2025 the Scheme owed £8,300 (2024: £8,300) to the Principal Employer in respect of its administrative expenses.

The Principal Employer paid the PPF levies of £76,299 (2024: £81,198) for the year ended 31 March 2025.

Two Trustee Directors, including the Chair of Trustee, who is also the Scheme's independent professional Trustee Director, received payment from the Principal Employer for their services.

During the year, the total payments made to Trustee Directors for their services to the Scheme amounted to £69,213 (2024: £51,151). As at 31 March 2025 the Scheme owed £16,450 (2024: £15,525) in respect of these fees.

The other Directors nominated by the employer, Members and pensioners do not receive any remuneration for performing their duties.

All of the above transactions were made in accordance with the Scheme Rules.

30. Contingent liabilities and contractual commitments

Approved future capital expenditure and commitments for which no provision has been made in the accounts are as follows:

	2025	2024
	£000	£000
Venture capital trusts commitments	213	243
H.I.G. fund commitment	21	-
Equitix infrastructure fund commitment	18	18
	<u>252</u>	<u>261</u>

In the opinion of the Trustee the Scheme had no other contingent liabilities or contractual commitments as at 31 March 2025 (31 March 2024: £Nil).

31. GMP equalisation

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that benefits should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension (GMP) benefits which were earned by men and women between May 1990 and April 1997. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. A ruling on 20 November 2020 confirmed that all previous transfers out dating back to 1990 will need to be revisited to assess whether a GMP equalisation uplift is required. The Trustee is now reviewing, with its advisers, the implication of this ruling on the Scheme in the context of the rules of the Scheme and the value of any liability. The estimated total past costs only relating to both rulings is estimated to be £0.6m on an accounting basis.

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:

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

Section
2
3
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