

Product Governance and Fair Value Outcomes

We are committed to providing products that meet customer needs, offer fair value, and perform as expected throughout their lifetime.

We have designed this document to inform our Distributors about the governance processes we use to oversee the design, approval, and review of our products. This includes how we monitor and assess fair value, and the outcome of our assessments. The information provided is intended to assist our Distributors in their own fair value assessments.

We continuously review our products, assessing customer outcomes on a monthly, quarterly and annual basis. Product reviews take place considering each of the four Consumer Duty Outcomes to assess whether we are delivering good customer outcomes through the product lifetime. Metrics are reviewed each month at Senior Management Forums and are flagged for discussion to ensure we take prompt action if an issue is identified.

Our 2026 fair value assessments concluded that our savings and investment products delivered fair value to customers throughout 2025 and continue to do so over the relevant product term.

The products assessed are:

Savings	Retirement	Investments
- LV= ISA - Smoothed Managed Funds Bond	- Fixed Term Annuity (Protected Retirement Plan) - LV= SIPP (Flexible Transitions Account)	- Fixed Term Investment (Protected Retirement Plan) - Smoothed Managed Funds ISA - Smoothed Managed Funds Pension - Smoothed Managed Funds Trustee Investment Plan

LV= Product Oversight and Governance

Our Product Oversight and Governance and Fair Value processes are well established and ensure that product delivery is governed appropriately and meets regulatory and legislative requirements. This covers new product development, enhancements, and management of all products (open and closed to new business). These processes include (but are not limited to) ensuring:

- a clear target market is defined for each product – who the product is and is not suitable for over its lifetime.
- a clear distribution strategy is defined for each product, with appropriate distribution channels in line with the needs and characteristics of the target market.
- appropriate regard in product design and supporting processes of the potential needs of vulnerable customers throughout the product lifecycle.
- costs and charges are appropriate and represent fair value for customers in terms of the amount paid and the benefits that they can expect to receive.
- customer communications are timely and are clear and easy to understand.
- we monitor ongoing performance to ensure products and services perform as expected.

We regularly review our approach to product governance and oversight arrangements which our Board Risk Committee review and approve annually.

Product Development and Management

- All new product developments and enhancements** must go through several approval stages and are assessed against the requirements of the Product Oversight and Governance Policy and Fair Value Framework at each stage. Proposals are substantiated with appropriate customer and market insight or research during these stages. Further concept, product, and literature testing then takes place throughout the process to validate customer need and understanding of the documentation.
- At each stage a senior level Proposition Forum undertakes a review.** The forum includes members from our second line oversight function to consider and review proposals. Our Chief Commercial Officer and Chief Risk Officer provide the final approval.
- All open and closed products are reviewed in detail at least once every five years (in addition to the ongoing monitoring that takes place).** The process is designed to ensure our products deliver good outcomes and avoid causing foreseeable harm to all of our customers, so that our products are fit for purpose, match target customer needs, have distribution strategies aligned to the target market, and perform as expected throughout the product lifecycle.



How we approach Fair Value Assessments and monitoring customer outcomes

LV= defines Fair Value as the relationship between the amount paid by the customer over the lifecycle of a product and the overall benefits they can realistically expect to get from the product.

Evidencing Fair Value requires LV= to demonstrate that our proposition:

- has reached the target market we designed it for.
- is being used as expected, to meet the needs and objectives of customers across different cohorts, including customers with characteristics of vulnerability.
- is delivering benefits as intended in terms of performance, claims and adaptability as customer needs change.
- provides value over the lifetime of the relationship.

To assess and evidence that our products are providing fair value and delivering good customer outcomes, we monitor a range of indicators and metrics against each customer outcome.

Product and Service Outcome

This outcome focuses on indicators and metrics to assess and evidence whether our products are designed to meet the needs of the target market, whether the product benefits or features are being used across customer groups as we expect and is being distributed appropriately. This includes monitoring:

- the use of product options
- the expected customer return and the performance of the funds
- the length of time customers hold a product
- outcomes experienced across different customer cohorts, including customers with characteristics of vulnerability.

Our assessment finds our products and services are fit for purpose, and provide features, flexibility, and support to meet the needs of the target market.

Supporting Distributors with Target Market

We defined clear target markets and support our distributors in assessing the suitability of the product for their client by providing a full library and support for client conversations and online tools here [Savings and retirement resources | LV= Adviser](#)

Monitoring Product usage and Customer Behaviour

We actively monitor the take-up of key product benefits to ensure the product is being used as intended. This analysis helps us confirm that each product continues to meet the needs of its target market and delivers fair value.

Where we identify patterns or outcomes that may indicate where customers need additional support or information, we take corrective steps such as reviewing customer communications or working with advisers to enhance distribution guidance. For example, this may include customers who have not taken key decisions (such as at maturity) or those holding low balances despite recent communications. We take a proactive approach, working closely with advisers to better understand customer circumstances and to provide additional guidance or support to customers where needed to help them make informed decisions and to ensure the product continues to their needs.

Price and Value Outcome

This outcome focuses on indicators and metrics to assess and evidence that our products and services provide fair value relative to the benefits received, including distribution costs. We do this by monitoring:

expected value of policy benefits against the expected value of

- fees and adviser charges, ensuring these are reasonable in relation to the service provided, and complexity of the product.
- costs to provide the product.
- product charges against the expected positive returns.

We are confident our customers are receiving fair pricing for the benefits they receive and that our governance processes ensure pricing delivers fair customer value.

Monitoring Investment Performance

We recognise investment performance as one of several factors in assessing fair value, supporting customer outcomes that are proportionate to the level of risk taken and the amount invested. We monitor performance on an ongoing basis, including oversight of our asset manager, BlackRock, to ensure alignment with fund objectives. We assess performance against defined thresholds and take appropriate action where needed, taking into account prevailing market conditions and input from our asset manager.

Benchmarking against the market

We regularly assess our product features, limitations and charges against comparable products in the wider market to understand how our products are positioned. Where we identify that we are an outlier, we take appropriate action to review and address, ensuring our products continue to offer fair value to customers.

Monitoring the impact of adviser charging

We also regularly monitor the impact of adviser charging on the overall performance of the product over its lifetime, ensuring that charges remain proportionate to the benefits and service provided.

Additional customer support and benefits

As a mutual organisation, we operate solely for the benefit of our Members.

Our Smoothed Managed Funds are eligible for mutual bonus distributions, and following the recent relaunch of our Fixed Term Annuity, this product is now also eligible for mutual bonus payments.

LV= offers everyday support to our customers, for more information on the available member benefits can be found here [Member benefits and additional support services](#).

Customer Understanding Outcome

This outcome focuses on indicators and metrics to assess and evidence that customers receive communications that are timely, accurate and accessible. These communications should provide the information the customers need to make informed decisions about financial products and services at key points throughout the product lifecycle. These include outcome testing and customer surveys on communication effectiveness.

- We are satisfied our customers are receiving timely, accurate and accessible communications at outset and at key points during the lifecycle of their product, to support them in financial decisions.
- We have a robust communications toolkit, which we have developed with a third party behavioural science agency, to ensure consistent use of straightforward language and clear presentation of information. This helps customers understand what they need to do and what we are doing for them.
- We will continue to work on how we can better communicate with and support customers through the lifecycle of their product and explore digital options as we invest in our technology and modernising our propositions.
- We will continue to seek feedback through our customer testing and membership community, to ensure that our customers understand their plan. We use the feedback we receive as part of our regular review of communications and outcome testing. Please contact us if you would like more information.

Consumer Support Outcome

This outcome focuses on indicators and metrics to assess and evidence that the type, level, and quality of service provided to customers across all cohorts (including vulnerable customers) is sufficiently supporting them during the lifecycle of the product. This includes monitoring:

- Service Processes, Metrics and Thresholds
- Customer Complaints and associated root causes
- Customer Feedback

We are satisfied our performance monitoring evidence shows we are providing an effective level of support to our customers and that they can access support with no unreasonable barriers.

Complaints monitoring

During the review period, no issues were identified, nor any root causes that would undermine the fair value delivered by our products. We take complaints seriously, using them as a key source of insight to identify potential improvements. The FCA also publishes high level complaints data, allowing comparison of LV= against other firms.

Customer experience and access to support

We closely monitor both our customer and adviser net promoter scores which remain strong. Call wait times remain low and we have introduced a call back service and webchat which is increasingly popular, this channel continues to give customers options on how to contact us about their products.

Supporting customers with characteristics of vulnerability

We have a good understanding of the vulnerabilities our customers are likely to experience and work with specialist charities to ensure we have solutions available to support their needs.

Over the year we have invested in our people by rolling out an enhanced vulnerable customer training programme. We also have a specialist team dedicated to supporting Vulnerable Customer escalations.

We are working to capture details of known vulnerabilities, recognising the need to continue focusing on working with customers and advisers to identify and support vulnerable needs. While we have made enhancements to capturing, there is still work to do and we are planning further improvements.

Digital services and customer tools

As part of our commitment to delivering good outcomes, we continue to strengthen the level of support available to customers throughout the life of their plan. We have invested in improving our digital capabilities to ensure our pension customers can easily access information, manage their plan, and receive timely support.

Our MyLV= digital service provides customers with:

- Plan valuations, helping them understand the current value of their plan.
- The ability to update personal details, such as change of address or bank details without the need for paper forms or delays.
- Access to key policy documents, statements and correspondence in one secure online location.

These services improve accessibility and help customers to manage their products more effectively.

Distributor Information and Support

To undertake your own assessment of fair value as part of your distribution responsibilities, it is important to understand the total cost of the product, both at outset and over its lifetime. This includes all product charges as well as any additional fees or adviser charges paid to you by the customer.

We have experience in supporting distributors with information and tools to help deliver positive customer outcomes. This includes a range of adviser-focused articles and videos led by our Chief Investment Officer. We also provide articles, research and expert viewpoints including focused content, such as Investing in Women, designed to help advisers build stronger, more confident client relationships. This includes guidance to better understand the specific needs of women as they approach and enter retirement.

We also offer support through our dedicated technical team, who produce guidance across key topics—from tax year-end planning to inheritance tax considerations on pensions—helping advisers navigate complex areas and support their clients effectively.

We engage regularly with distributors to review performance, discuss emerging trends, and consider customer outcomes. This ongoing dialogue helps ensure products continue to be distributed appropriately and deliver fair value.

Please contact us if you would like more information.

To find out more about our products and services,
please contact your LV= Account Manager.



[LVadviser.com](https://www.lvadviser.com)

If you'd like us to send you this document or any future correspondence in
another format, such as Braille or large print, please just let us know.

Liverpool Victoria Financial Services Limited: County Gates, Bournemouth BH1 2NF.

LV= and Liverpool Victoria are registered trademarks of Liverpool Victoria Financial Services Limited and LV= and LV= Liverpool Victoria are trading styles of the Liverpool Victoria group of companies. Liverpool Victoria Financial Services Limited, registered in England with registration number 12383237 is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, register number 110035. Registered address: County Gates, Bournemouth, BH1 2NF.

49263-2026 06/26

