

L&G Independent Governance Committee

Annual report for the year ending 31 December 2025

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Chair's introduction

Welcome to this year's report from the Independent Governance Committee (IGC).



I'm Joanne Segars, Chair of the IGC. As a committee, we're responsible for checking you receive value for money. You can find out more about the outcome of our 2025 assessment in this report. You can also read more about us and what we do in this introduction.

Value for money

We look at whether you are getting a good deal by assessing and rating eight different parts of your pension. Where we can, we commission and use independent research to compare L&G to its competitors.

Our assessment covers the period from **1 January 2025 to 31 December 2025**.

This report covers two [Defined Contribution \(DC\)](#) Workplace pension products:

- Legal & General WorkSave Pension Plan;
- and
- Legal & General Group Stakeholder Pension Plan

We also cover the Investment Pathways available to you once you've started to use your pension pot to take a flexible income. Investment pathways are available to both Workplace and Personal Pension scheme members and our assessment covers both.

We refer to these as 'your scheme' and 'your pension' throughout this report. We also use the terms 'you' and 'your' in reference to you as a member of these plans.

We have used four ratings to assess the level of value you receive, ranging from poor to excellent:

- **Excellent** – of a particularly high standard, often backed through independent research.
- **Good** – of a high standard, with areas identified that could lead to an excellent position.
- **Acceptable, with areas for improvement** – provides value but important areas for improvement identified.
- **Poor** – below the standard we expect, with significant room for improvement.

An excellent rating does not mean 'perfect'. There will always be room for improvement. We encourage this even where we have provided a rating of good or excellent.

Audit and risk oversight

As part of our value for money assessment, the IGC considers the effectiveness of L&G's control environment by reviewing reports from L&G's internal audit and second-line risk functions. These reports provide us with insights on the design and operation of key control areas that support good member outcomes. They also help us to highlight areas where further improvements could be made.

During the year, the reports reviewed by the IGC covered the VFM assessment areas of Member engagement and communication and Member service and administration. The findings provided valuable additional insight and identified areas where L&G needs to strengthen controls. The IGC considered whether the findings should affect the 2025 ratings and concluded, based on the evidence available for the assessment period, that they did not change the ratings it would otherwise have given. The IGC will nevertheless take the findings into account in next year's assessment. L&G has committed to deliver improvements in the areas identified, with leadership accountable for delivery. The IGC will receive regular reporting on progress during 2026 and 2027 and will report on outcomes in next year's annual report.

Our view is that overall members are receiving good value for money:

Value for money category	What we consider	2024 report ratings	Our assessment of the value you received in 2025
Costs and charges	Are the costs and charges for your pension competitive and do they offer you good value for money?	Excellent	Excellent
Default funds and their investment performance	Are the default funds appropriate for you to invest in and how well do they perform? If you haven't chosen your own funds, you will be in the default fund.	Acceptable, with areas for improvement	Good
Investment choice and performance	Is there a good range of funds if you want to make your own choice? How well do these funds perform? This section does not include the default funds	Good	Good
Member service and administration	Is your pension well run, and do you receive good service?	Excellent	Excellent
Member engagement and communication	Do you receive clear, high-quality communications? Are there tools available to help with your retirement planning?	Good	Good
Accessing your pension	What choices are available when you come to take your money? Are there tools and support in place to help you make informed decisions?	Good	Good
Environmental, social and governance (ESG) investing	Is your pension pot invested responsibly?	Excellent	Excellent
Investment pathways	Are the right investment choices available once you've started to take a flexible income?	Good	Good



You can read about all value for money categories in more detail throughout this report, but we have summarised a few key areas below.

We changed our rating for the default investment funds and their investment performance this year. It improved from 'Acceptable, with areas for improvement', to 'Good'. Over the year, 1.6 million members' pension pots were moved from old default funds, to either the Lifetime Advantage Funds or the Target Date Funds. We think the new default funds have the potential to produce better growth for your pension pot over the long term and represent good value for money.

The new Target Date Funds' investments are tilted away from fossil fuel-related businesses and toward companies that contribute towards protecting the environment and adapting to climate change. L&G also introduced new graphics-based fund summaries to help you understand how environmental, social and governance factors are considered for the default funds (and for many the self-select funds). This will help you make more informed choices about how to invest your pension pot.

During 2025, L&G made improvements to the Investment Pathways, following our recommendations in the 2024 report. This included changing how two of the pathways are invested to give a better balance between risk and potential return, and protection against changes in annuity rates. In addition, L&G introduced reminders that are issued to members in the Investment Pathways once every five years, to remind them to review their investments.

Last year we asked L&G to deliver improvements to their income drawdown service, with a focus on online services. In 2025, L&G completed the first phase of this plan by introducing an online quote and application process. It's also now easier for you to manage your drawdown pension pot using the L&G App.

Finally, L&G introduced better communications support for members, including emails that are tailored to the actions that you've taken and the information that you have explored. The Guided Retirement Planner is now available to members under age 55, as well as those age 55+, to support your retirement planning. L&G provided training and a vulnerable member app to the operations team and, during 2025, the team identified five times more vulnerable members than in 2024.

Outcomes for members approaching and entering retirement

Across our assessment, we identified certain areas where the outcomes for members approaching or entering retirement could be improved. These include the longer-term performance of some retirement-stage investments, the performance of Investment Pathway 4, opportunities where the drawdown service could be made easier to use, beneficiary charges and some administrative processes that may make the retirement journey less straightforward. You can read more about these points later in the report.

Although these issues affect different groups of members, we are mindful of their combined effect across the retirement journey during 2025. During the coming year, we will undertake a joined-up review of the investment, service, charging and administrative outcomes experienced by members approaching and entering retirement. We will use the findings to identify where further improvements are required and work with L&G to address them.

Changes to the Committee

We are pleased to welcome Gary Smith to the IGC. Gary joined the IGC in September 2026 after a range of leadership roles across the provider, investment management and consultancy sectors, working with, and advising, some of the UK's largest pension schemes.

Daniel Godfrey stepped down from the IGC in September 2026 after nine years as member of the IGC. We'd like to thank Daniel for all his hard work, and we wish him well in his next role.

Looking forward

We look forward to seeing more improvements in 2026, many of which were set in motion during 2025 and are covered in this report.

We have set some priorities for 2026:

- **Continue to monitor the new default funds**

Over the year we continued to work closely with L&G to monitor the transition of members to the new default funds, the Lifetime Advantage Funds (LAFs) and Target Date Funds (TDFs). By the end of 2025 most members had moved, but a small number of members still remained in the Multi-Asset Fund (MAF). We expect these remaining members to move to the new default funds in 2026 and will work with L&G to monitor progress. L&G also completed its review of the investment mix that makes up the LAFs and TDFs in 2025. The review highlighted changes to the investment mix which we look forward to seeing implemented in 2026.

- **Further improve the drawdown service**

In 2025, L&G launched the first phase of its online drawdown service for everyone, which lets you apply for a quotation online. The next step is for L&G to launch an online application form in 2026 to allow the full process to take place online.

- **Evolve the investment pathways**

In 2025, L&G worked on improving its investment pathways, which are ready-made investment options for your drawdown pot. Further improvements are planned for two of the four investment pathways. These changes will be communicated with members and implemented in 2026.

We've also asked L&G to continue to review and improve its communications and tools to make sure you have the support you need to select a pathway. We expect L&G to continue to review the pathways you choose and intervene if needed.

- **Complete the review of the self-select funds**

The triennial review of the self-select funds progressed in 2025, with the objective of ensuring each fund serves a clear purpose and aligns to a strengthened set of principles that include responsible investing considerations. We expect this to be completed in 2026.

- **Continue to develop the communications and tools**

We expect L&G to continue to add additional functionality to its app, further tailor communications to your needs, and develop the Guided Retirement Planner.

In 2025 we appointed specialist advisers who helped us to review your scheme over the year, and we will continue to work to further develop our approach in 2026.

Joanne Segars OBE

Chair of the Independent Governance Committee

September 2026



How to contact us

If you have any feedback or questions, or you need to tell us about an important issue that affects your pension, please email us at: IGC@lgim.com

How to contact L&G

If you need to contact L&G about your pension, you can call **0345 070 8686**. Phone lines are open between 8:30am and 7pm Monday to Friday. Call charges will vary. L&G may record and monitor calls and please be aware that helpline colleagues cannot provide financial advice.

You can also email L&G at employerdedicatedteam@landg.com. Please remember not to send any personal, financial or banking information belonging to you because email is not a secure method of communication.

More information about how to contact L&G [can be found on L&G's website](#), including how to register for [Manage Your Account \(MYA\)](#), and how you can reach out to an expert using live chat within working hours.



2025 priorities

Our role is to assess the value for money you receive from your pension with L&G. We actively challenge where we think improvements can be made.

Each year we set ourselves priorities to help make sure you receive value for the costs and charges that you pay. We identified four key priority areas for 2025, alongside our aim to continue to be an effective, efficient, and fully skilled IGC.

You can see these below, along with L&G's progress:

1. Monitor the transition of members to the new default funds

Over the year we continued to work closely with L&G to monitor the transition of members to the new default funds, the Lifetime Advantage Funds (LAFs) and Target Date Funds (TDFs). By the end of 2025 most members had moved, but a small number of members still remained in the Multi-Asset Fund (MAF). We expect these remaining members to move to the new default funds in 2026 and will work with L&G to monitor progress.

L&G also completed its review of the investment mix that makes up the LAFs and TDFs. The review highlighted changes to the investment mix which will be implemented in 2026.

You can read more in [default funds and their investment performance](#). >

2. Improve the drawdown service

In 2024, we recommended improvements to the drawdown service for members (which lets you take money out of your pension pot in retirement and leave the rest invested). We asked L&G to let you request a quotation to move into drawdown online and then accept a quotation online too. In 2025, L&G launched the first phase of its online drawdown service for everyone, which lets you apply for a quotation online. The next step is for L&G to launch an online application form in 2026 to make the full process quicker and easier.

You can read more in [accessing your pension.](#) >

3. Implement changes to the investment pathways

Over the year, L&G made a number of improvements that we requested as part of our 2024 assessment of the investment pathways – which are ready-made investment options for your drawdown pot.

These included:

- The introduction of a five-year reminder for members in an investment pathway, encouraging them to review whether their investments still meet their needs.
- A review of the investment mix in the investment pathways. Improvements were made to two of the pathways as a result.

You can read more in [investment pathways.](#) >

4. Update the Statement of Investment Principles

Last year we said we would like to see the Statement of Investment Principles (known as a 'SIP') evolve to reflect new information and data that is available.

Statement of Investment Principles

This sets out what L&G aims to achieve with the investment options offered to you and shows how its investment principles guide the way in which your money is invested. They can be accessed through [Manage Your Account \(MYA\)](#).

Good progress has been made to update the SIP, which will also include opportunities for improvements that we have suggested to L&G. We expect these updates to be completed and published in 2026. We will track progress of these updates and consider the effectiveness of the updated documents.

You can read more in [environmental, social and governance \(ESG\) investing.](#) >



Meet the IGC members

All members of the IGC are considered independent of L&G as they have not been employed by any firm within the Legal & General Group within the last five years. They have not had any direct or indirect relationship of any description within the Legal & General Group within the last three years, other than by their membership of the IGC.



Joanne Segars OBE, IGC Chair

Joanne was appointed Chair of the IGC on 13 July 2022 and has been a member of the IGC since January 2019.

Awarded an OBE for services to pensions in the 2003 Queen's Birthday Honours, Joanne is a well-known industry figure, having held many high-profile roles including Chair of LGPS Central Limited, Chief Executive of the Pensions and Lifetime Savings Association (now called Pensions UK) and Chair of the Joint Expert Panel on the Universities Superannuation Scheme. Joanne is currently Trustee Chair of now:pensions and serves as an external expert on the Pension Fund Governing Board at CERN in Geneva. In July 2026 Joanne was appointed Chair of the Pensions Protection Fund. She is also a trustee of the Royal Photographic Society.

As well as an MA in Industrial Relations from the University of Warwick in Economics Joanne has a degree in economics from John Moores University in Liverpool and an HND in Photography.

Joanne is a keen traveller and photographer – especially documentary and portrait photography – and her work has been exhibited across galleries in London.



Mark Ashworth

Mark was appointed to the IGC in April 2020.

Mark is a senior director at the LawDeb Pension Trustees practice, which is part of The Law Debenture Corporation p.l.c., a FTSE 250 company.

He has experience of a wide range of schemes and sponsoring employers, gained in more than 25 years with Law Debenture, and has encountered most situations likely to face pension schemes.

Mark has chaired DC committees for several large DC schemes and the governance committee of a large contract-based scheme; scheme governance and operational issues are amongst his other key areas of expertise. He currently chairs and serves on six other trustee boards of major UK pension schemes.

Mark qualified as a barrister and as a Chartered Secretary. In his spare time Mark enjoys cars which are almost as old as he is.



Linda Whorlow

Linda was appointed to the IGC in September 2024.

Linda combines an executive and non-executive career and has extensive workplace pensions expertise accumulated over 35 years.

Linda is a non-executive board member of GAIN (Group for Autism, Insurance, Investment and Neurodiversity) and was formerly Managing Director of Aegon's workplace savings business and a non-executive director at Broadstone and Origin Financial Services.

Prior to this, Linda held several specialist leadership roles across the spectrum of defined contribution (DC) and defined benefit (DB) pensions, third party administration services and actuarial consulting, beginning her career at Norwich Union (now Aviva).

Linda is a strong advocate and campaigner for improving financial education and employee wellbeing in the workplace. She is also an active mentor and coach, supporting diversity and inclusion initiatives in the workplace.

In her free time, she enjoys cycling, walking her dog, and spending time in France. She is also an avid rugby fan, a result of many years cheering on her sons from the touchline.



Heather Lauder

Heather was appointed to the IGC in March 2023.

She has over 37 years financial services experience working in organisations such as NatWest, RBS, Tesco, Virgin Money and Coop bank. As a Bank executive she led enterprise wide global operations, distribution channels, including digital, customer strategy, transformational change and first line risk control and assurance.

For the last six years Heather has been non-executive director and Chair in Banking / Insurance and professional services firms Zurich Assurance, DSW Capital and Skipton International Bank. She has also chaired audit and risk committees and continues to chair remuneration committees. She was recently appointed as a Trustee to the Steve Morgan Foundation.

Outside of work she enjoys travelling, cooking and exercise.



Helen Carey

Helen was appointed to the IGC in March 2023.

Helen has over 25 years' experience in DC pensions, investments, and governance.

She is Director of AV Trinity, a Chartered Independent IFA firm in Tunbridge Wells. Helen also serves as an independent member of the Vanguard IGC.

Helen brings extensive senior leadership experience, with expertise spanning FCA and TPR regulatory frameworks, pensions and investments, governance and risk management, consumer duty, and customer experience.

A Chartered Financial Planner and Fellow of the Personal Finance Society, Helen is also a qualified Pension Trustee and an accredited member of the Pensions Management Institute. She holds further qualifications in sustainable finance, investment management, and project leadership, and continues to contribute to professional standards through her work as a senior examiner for the Chartered Insurance Institute.

Helen is passionate about good member outcomes and financial education, having been a financial adviser for twenty years, and played an active role in improving financial understanding in schools and in the workplace.

In her spare time, she enjoys countryside walks with her dog, reading, collecting old books, and creating art through drawing and painting.



Daniel Godfrey

Daniel was appointed to the IGC in September 2017.

Daniel studied Economics at The University of Manchester and went on to become Marketing Director of Robert Fleming (now JP Morgan Asset Management).

He's worked in various senior positions including Chairman of pfeg (Personal Finance Education Group), Director General of The Association of Investment Companies and Director of Corporate Communications at Phoenix Group Holdings Plc. He was Chief Executive of the Investment Association between 2012 and 2015.

Daniel is Trustee of now:pensions and a member of the Financial Reporting Council's Independent Advisory Panel. He has been appointed by the Financial Conduct Authority to chair the Advisers' Sustainability Group, which is developing best practice guidance for financial advisers on addressing and dealing with the key financial risks of climate change, biodiversity loss and social disruption. He is also a Senior Independent Director at Trex Analysis, a spinout from Exeter University's Global Systems Institute.

Daniel enjoys watching football, eating good food and going to the theatre and cinema.



Gary Smith

Gary was appointed to the IGC in September 2026.

Gary has over 35 years' experience in Pensions and Investments. Over that time, he has held various senior leadership roles across the provider, investment management and consultancy sectors, working with and advising some of the UK's largest pension schemes.

His experience includes being Head of DC at Schroders, Head of DC Investment at Willis Towers Watson (WTW), Co-Head of DC at BlackRock and CEO of the Atlas Master Trust.

Gary currently has a portfolio of non-executive roles, including being a Trustee, and Chair of the Investment Committee, at now: pensions and working as a Senior Advisor to a number of innovative, scale-up businesses.



Costs and charges

2025 rating: **Excellent**

Why we gave this score

The costs and charges that you pay are a crucial part of assessing whether you receive value for money from your pension. Each year we commission an independent comparison of the costs and charges that you pay against other pension providers. This comparison shows that the costs and charges are very competitive. L&G has continued to invest in improvements (such as Manage Your Account and the [L&G App](#)) that increase the overall value for members.

You will generally pay three types of costs and charges which cover the following:

1. The costs of running and administering the scheme.
2. Fund charges for managing your investments.
3. Transaction costs for buying and selling investments.

If you are in a Group Stakeholder scheme you will see one annual management charge, as the fund charges and the costs of running the scheme are combined.

Transaction costs

The day-to-day management of your investments involves buying and selling (trading) the underlying investments as a necessary part of achieving overall investment objectives.

This trading usually incurs costs known as transaction costs, which cover things like taxes and commission.



The government has put a maximum amount (or cap) on the amount of money that can be charged for **most** investment charges in workplace pension schemes, including the schemes that we review in this report. If you are automatically enrolled into your scheme, and don't make your own investment choice, the charge cap is currently set at 0.75% for each year, or 75p for every £100 invested. Our analysis shows that all charges are at or below the legislative charge caps where they apply.

Nearly three quarters of members pay between 0% and 0.50% (no more than 50p for every £100 invested), regardless of investment choice or type of scheme.

Positive developments in 2025

By the end of 2025, most members had switched to one of the new default investment funds, with only a small number of members yet to switch in 2026. The new default funds generally have higher investment management charges than the previous default, typically 0.15% more. The increase is expected to be offset by improved long-term investment growth. The costs for running and administering the scheme remained the same as in 2024. Taking account of all costs and charges, and the expected benefits of the new default investment funds, we believe they offer good value for money and should support better outcomes for members over the long term.

Regular reports are shared with us that cover the transaction costs that you pay. We monitor, review and challenge these transaction costs at least quarterly, and we have continued to conclude that you receive good value for money in relation to these costs.

Independent research

An independent comparison report was commissioned to compare the costs and charges that you pay L&G to those paid by members of other providers' workplace pension schemes. Groups of similar sized employers, across a range of different types of investments, were used for the comparison of costs and charges. L&G performed well across all categories and the report shows that the costs and charges that you pay are generally in line with, or better than, the average.

Our assessment is that the costs and charges you pay are highly competitive and reflect excellent value for money.

Areas for future focus

We have continued to work with L&G on whether the £2,000 minimum limit for taking a partial cash lump sum (known as an uncrystallised funds pension lump sum) outside of the flexible income drawdown process remains appropriate. L&G has committed to complete this review and address this point during 2027. The IGC would like this review to be completed sooner but we understand that the work is part of L&G's wider retirement journey enhancement programme, of which this review is one of the deliverables. We will monitor progress throughout 2026 and report our findings in next year's report.

We have asked L&G to implement a new charging structure as a priority in 2026, to ensure those who inherit a drawdown account do not pay higher fees than the original owner of that drawdown account.

We would like to see L&G continue to offer highly competitive costs and charges, and to keep these under review in 2026.

To support our analysis, we have asked L&G to provide two additional data segments that we have not had a full breakdown for in the past:

1. For schemes that do not have any members that are paying in. This breakdown has not been shared previously, only the total.
2. For members who have started to access their pension. The previous reporting has excluded these members.



Default funds and their investment performance

2025 rating: **Good**

Why we gave this score

A workplace pension default fund is the investment vehicle in which your money automatically sits if you don't choose your own funds. It's designed to suit most people by balancing risk and growth potential.

The performance of your investments plays a big role in the future value of your pension pot (alongside how much you pay in and the level of costs and charges).

Following a full review, L&G, with our support, began to move your pension pots to a newer set of default funds in 2024. This transition continued throughout 2025 and by the end of the year most of you were invested in one of the newer default fund ranges, either:

- The Lifetime Advantage Funds (LAFs); or
- The Target Date Funds (TDFs).

The default fund in which you are now invested will have been selected by your employer.

A small number of you remained invested in one of the previous default funds at the end of the year:

- The Multi-Asset Fund (MAF); or
- The Future World Multi-Asset Fund (FWMAF).

A plan has been put in place to move those of you still invested in the MAF or FWMAF to one of the newer default funds in 2026. If you are still invested in the MAF, you will soon be told when your pension pot will be moved (unless you have opted out of the change), along with the other options available to you.

We have been monitoring the transition and have been kept informed throughout. We support this change because we think the LAFs and TDFs have the potential to produce better growth for your pension pot over the long term. Unlike the MAF and FWMAF, the LAFs and TDFs are designed around your target retirement age and will automatically adjust the way your pension pot is invested as you move closer to, and then into, retirement.

In 2025, the LAFs and TDFs became the funds in which the majority of your pension pots were invested. For this reason, our assessment of the LAFs and TDFs had the greatest effect on our overall score.

The new default funds invest mainly in publicly traded assets but also include some private market investments. These are investments that are not usually bought and sold on public stock exchanges and may include infrastructure, property, renewable energy projects and privately owned companies.

They can provide access to a wider range of long-term opportunities and may help improve diversification and member outcomes.

Private market investments are valued less frequently and may take longer to sell than publicly traded investments. The funds are designed with this in mind, combining private markets with more readily tradeable investments to support members' needs. The IGC monitors the risks, costs and potential benefits to ensure the default continues to provide value for members.

You can read more about the design and performance of these funds in 'Investment performance of default funds' later in this section.

Our overall assessment considers:

1. The appropriateness of the default funds; and
2. How they have performed.

This year the IGC debated the relative underperformance of the TDFs over three and five years, particularly within the retirement phase. We noted that the retirement stage TDFs have lagged behind comparable default strategies, primarily due to lower allocations to equities, including an underweight position in US equities and greater exposure to interest rate-sensitive assets. While managing risk is important for members approaching or at retirement, this underperformance will have affected outcomes for those retiring.

To reach our final rating, we balanced this underperformance against our view that both the LAFs and TDFs are well positioned to produce better long-term growth for members' pension pots.

We welcome the actions taken by L&G to address this underperformance, including changes to the asset allocation in both the growth and retirement phases of the TDFs.

Positive developments in 2025

Over the year:

- 1.6 million members' pension pots were moved from the old default funds to the LAFs and TDFs during 2025.
- The communications that were shared with you about the change to the default funds were tested and continually reviewed to make sure they gave you extra support to understand the changes.
- For members in the growth phase of investing, the LAFs and TDFs investment performance over the short-term was competitive against the default fund options offered by other pension providers.

- L&G completed its review of the investment mix that makes up the LAFs and TDFs. The review highlighted:
 - Changes to the investment mix designed to aim for more growth, balanced against the changing risk target as you approach and move into retirement.
 - Changes to better align the investment mix with how you are choosing to use your pension pot in retirement.
- L&G continues to be a market leader in investment stewardship.
- L&G continues to engage with its independent investment adviser which we view as a demonstrable sign of its commitment to transparency and acting in your best interests.

How the IGC monitored the default strategies and investment range

We receive updates from L&G's Fund Risk Oversight Committee at IGC meetings with presentations and explanations of the activities that are in progress. Twice a year we are also provided with a detailed update on fund performance. This includes the default fund options.

We were also kept up to date with the transition of members to the TDFs and LAFs. We review these activities at our IGC meetings and provide our feedback. L&G also updates us on the advice it receives from its independent investment adviser.

Investment performance of default funds

L&G regularly monitors the default funds to check how they are performing against the funds' objectives. It looks at whether the default funds are likely to deliver good retirement outcomes for you. The value of your pension pot and the outcome you receive will depend on several factors, including:

- How well the funds have met their performance objectives over short and, more importantly, longer periods of time.
- The effects of inflation.
- How and when you choose to take your pension pot.
- How much you and your employer contribute.
- The charges that you pay to invest in each fund.

We completed our own assessment in 2025, in which we:

- Focused on the TDFs and LAFs as these were the main default funds and are where most members were invested by the end of 2025.
- Have given greater weighting to longer-term performance because most members are invested for the very long term (for 30 years or more).
- Reviewed how well funds have performed historically against their stated objectives.
- Compared performance against the default fund options offered by other pension providers.

Measuring investment performance

Most funds have their performance measured against a benchmark.

An investment benchmark is a reference point used to measure how well an investment is doing. It's usually made up of a group of similar investments, like a market index, and helps you see if your fund is performing better or worse than the wider market. Some funds set their own performance objectives – either instead of, or as well as, using a benchmark. When used, these objectives will normally specify a desired level of performance over a certain period, such as achieving a positive return of 4% greater than the interest which can be earned on cash in each year.

Investment performance over the reporting period

Target Date Funds (TDFs)

TDFs are a set of funds, each designed for people planning to retire around a certain year. Or, in L&G's case, within a period of five years, for example if your retirement date is 2030 your TDF would be the 2025-30 fund. Members are invested in the TDF closest to their expected retirement date. The investment mix for each fund automatically changes over time, starting with more growth-focused investments when retirement is far away and gradually moving to lower-risk investments (meaning less exposure to the ups and downs of markets) as members get closer to retirement. These automatic investment changes can be broken down into three phases:

1. **Growth** phase.
2. **Approaching Retirement** phase.
3. **Retirement** phase.

Performance has been mixed when compared with other providers, particularly over five years. However, performance against L&G's own investment growth targets has generally been stronger.

Using the TDF 2055–60, which is in its Growth phase, as an example:

- It exceeded its cash +4% investment growth target over one, three and five years.
- It also exceeded the target over the period since its launch in January 2017.
- Despite meeting its investment target, it performed less strongly than many peers over five years. This was partly because it held less in growth investments, such as company shares, during a period in which these investments performed particularly strongly.

The TDF 2025–30, which is in its Retirement phase, delivered positive returns and:

- Exceeded its cash +2.75% target over one year.
- Was marginally ahead of the target over three years.
- Was behind the target over five years and since its launch in January 2017.

L&G is changing the investment mix used by TDFs for members approaching retirement. These changes are intended to strengthen long-term growth while maintaining an appropriate level of protection for members who may soon begin taking their pension savings.

Lifetime Advantage Funds (LAFs)

The LAFs were introduced by L&G at the end of 2024. Like the TDFs, the LAFs are a range of funds which aim for a specific retirement date range where the investment mix automatically changes over time starting with more growth-focused investments when retirement is far away and gradually moving to lower-risk investments (meaning less exposure to the ups and downs of markets) as you get closer to retirement.

A key difference between the TDFs and LAFs is that the LAFs include a significant allocation to private market investment exposure in the Growth Phase. Both the TDFs and LAFs include private market exposures in the Retirement Phase.

Private markets investments may include:

- **Infrastructure projects:** for example building renewable energy sources, schools, hospitals, roads, bridges, power plants and telecommunication networks.
- **Property:** for example investments in office buildings, warehouses or shopping centres (these are also part of the TDF and LAF Retirement Phases).
- **Private credit:** this is when private lenders rather than traditional banks or public bond markets provide loans to businesses (these are also part of the TDF and LAF Retirement Phases).
- **Private equity:** these are shares of private companies that are not traded on the public stock market.

The LAFs were launched in September 2024 and therefore have a limited performance history. Nevertheless:

- The LAF 2055–60, which is in its Growth phase, exceeded its cash +4.5% target over both the past year and since launch.
- The LAF 2025–30, which is in its Retirement phase, exceeded its cash +2.75% target over both the past year and since launch.
- Longer-term performance cannot yet be assessed.



Multi-Asset Fund (MAF)

The MAF is a single fund which does not change investments or its risk profile depending on when you expect to retire. It was designed to grow your pension pot over the long term whilst providing some protection against volatility (how much the value of your investments could move up and down over time).

The MAF is assessed against a cash +3.5% investment objective. We also look at how it has performed against inflation, measured by the Consumer Prices Index (CPI), because what matters to you is whether your pension pot has kept its buying power.

Against cash +3.5%, the MAF:

- was ahead over one, three and ten years, and since inception; but
- was behind over five years.

Against inflation, the MAF:

- was ahead over one, three and ten years; but
- was slightly behind over five years.

Because the MAF also aims to manage volatility, L&G assesses its performance against a separate volatility objective. The IGC has considered the relevant volatility information and is satisfied that the fund has met this objective over the long term.

Future World Multi-Asset Fund (FWMAF)

This fund is similar to MAF but includes index tilting through Future World Index Funds. L&G tilts these funds towards companies with higher [environmental, social and governance \(ESG\)](#) scores and away from companies with lower ESG scores. FWMAF also includes some targeted investments in areas such as sustainable global infrastructure and sustainable timber.

The FWMAF is assessed against a cash +3.5% investment objective, and we also look at how it has performed against inflation (CPI). The fund has delivered mixed performance across the periods assessed.

Over one year, the fund:

- exceeded cash +3.5% and inflation.

Over three years, the fund:

- remained ahead of cash +3.5% and inflation.

Over five years, the fund:

- was behind cash +3.5% and slightly behind inflation.

Since its launch in June 2018, the fund:

- was behind cash +3.5% but ahead of inflation.

Independent research

We used the findings from independent research to compare the performance of L&G's default funds against the default funds offered by other pension providers.



The charts in this section show the level of investment risk versus investment returns for members over specified periods.

The returns are shown on the vertical axis, and on the horizontal axis. For example, where a fund has delivered a high return with a high amount of risk it will be plotted within the chart in the top right-hand corner. Conversely, a fund that delivered a low return with a low amount of risk would be plotted in the bottom left-hand corner.

Corporate Adviser Pension Average (CAPA) data

Each chart also shows the level of investment risk versus investment return for other providers' default funds (a 'peer group comparison'). This data has been provided by CAPAdata, a leading independent pension performance analytics provider that tracks the performance of around 20 default funds.

Returns are calculated as gross, i.e. before charges have been deducted. This means that the actual returns experienced by members will be slightly different to that shown here once charges have been accounted for.

The CAPA methodology is based on Strategic Asset Allocation weightings, rather than actual asset allocation. Therefore actual returns may vary from the returns presented.

Data is for the five years to 31 December 2025.

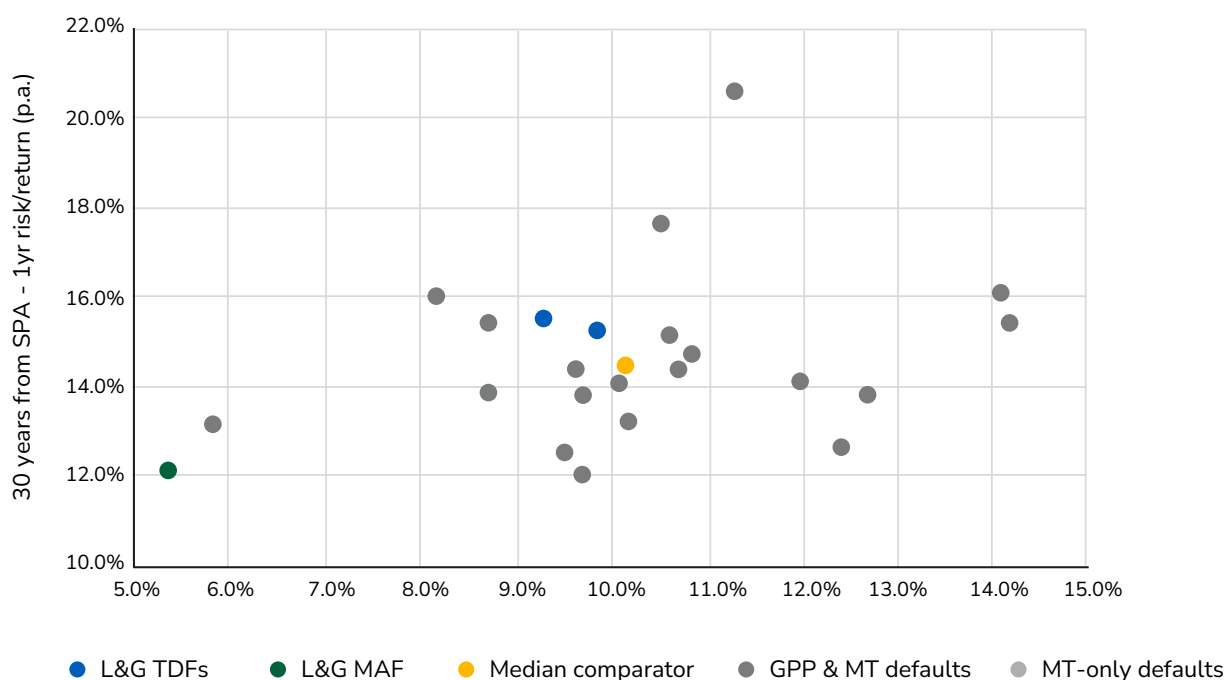


For members who are 30 years from retirement

The following charts show the risk and returns for members who are 30 years from retirement.

Over the year to 31 December 2025, the LAF and TDF delivered returns above the peer-group median while taking less risk than most providers. MAF produced a lower return but took substantially less risk than the rest of the peer group. Overall, the results demonstrate the expected relationship between risk and return, with the L&G growth-stage funds delivering different outcomes reflecting their different investment approaches.

Risk and returns for members who are 30 years from retirement



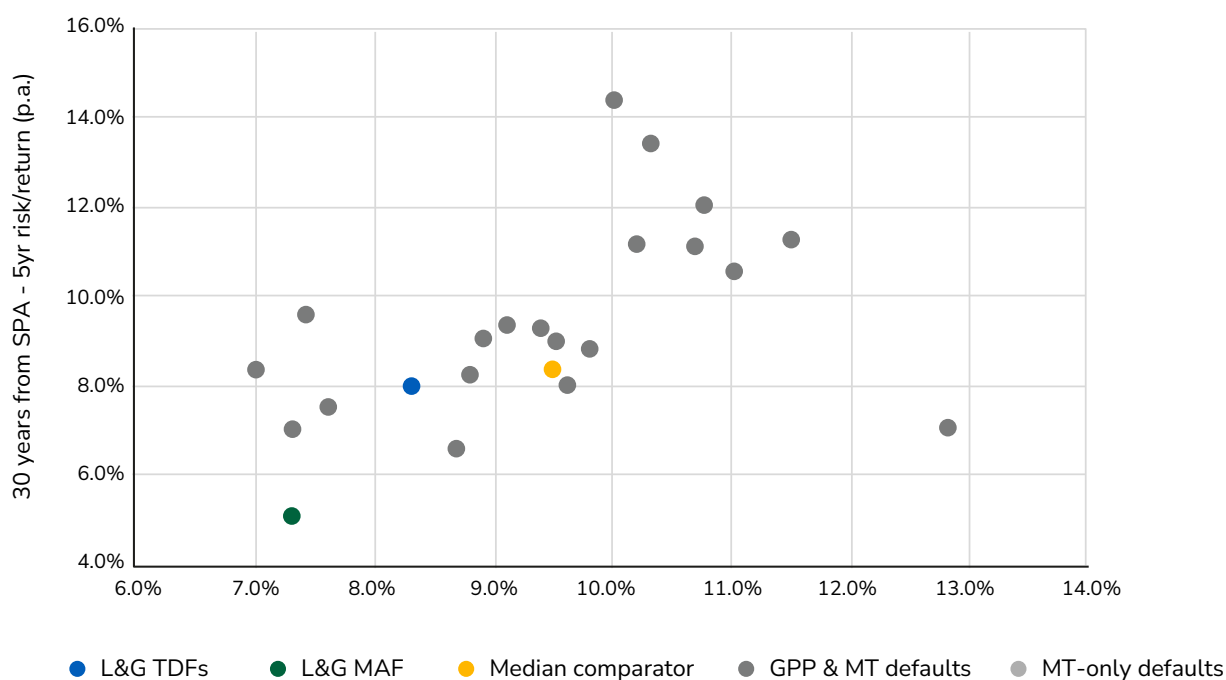
The value of an investment and any income taken from it is not guaranteed and can go down as well as up, and you may get back less than the original amount invested. Asset allocation is subject to change.

Over the five years to 31 December 2025, the TDF delivered a lower return than the peer-group median, although it also took less risk than most providers. Its lower return partly reflects its smaller allocation to growth investments, such as company shares, during a period in which these investments performed strongly.

The LAF is not included because it was launched in September 2024 and therefore does not have five years of actual performance data. Including modelled or back-tested LAF performance in this chart would not provide a like-for-like comparison with the observed performance of the other funds.

The MAF generated a lower return relative to peers with lower risk due to its higher fixed income exposures (in a period when bond yields increased significantly) and lower equity exposures (in a period when North American equities in particular delivered strong absolute returns).

Risk and returns for members who are 30 years from retirement

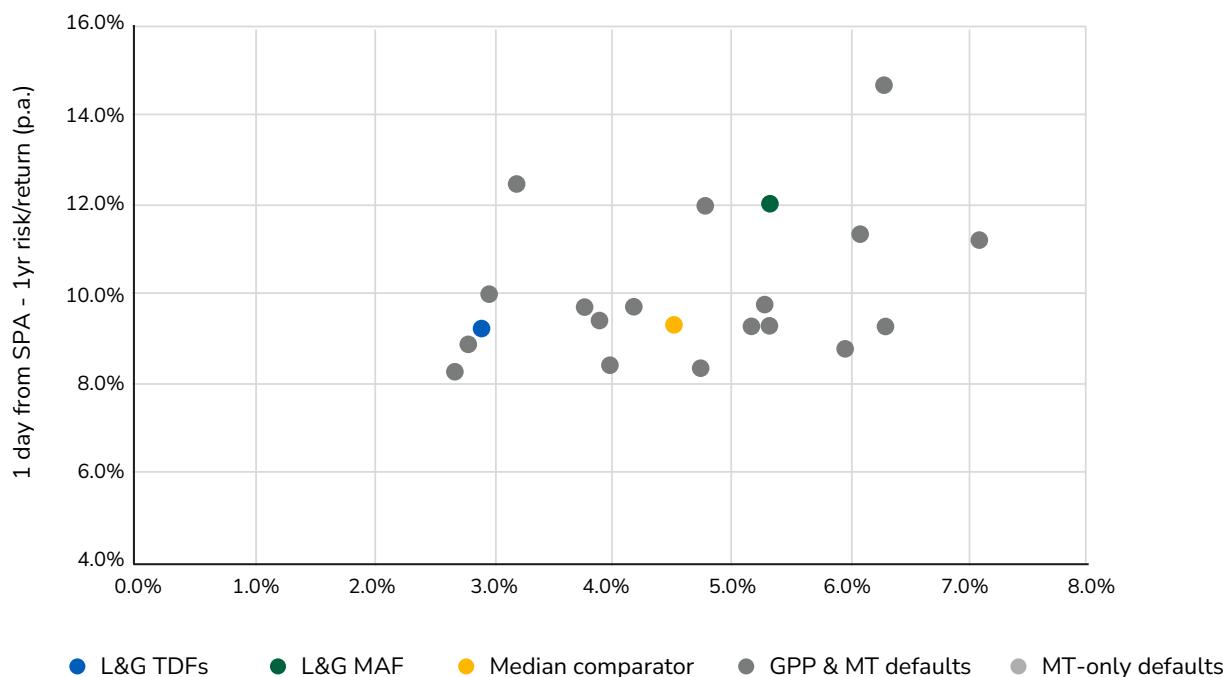


The value of an investment and any income taken from it is not guaranteed and can go down as well as up, and you may get back less than the original amount invested. Asset allocation is subject to change.

For members who are at retirement

Over the year to 31 December 2025, the TDF and LAF for members approaching retirement delivered returns broadly in line with the peer-group median while taking considerably less risk than most providers. The two funds appear together because they invest in a similar way as members approach retirement. Overall, they provided a relatively favourable balance between risk and return over the period. MAF delivered above-median returns as it takes more growth asset risk relative to peers.

Risk and returns for members who are one day from retirement

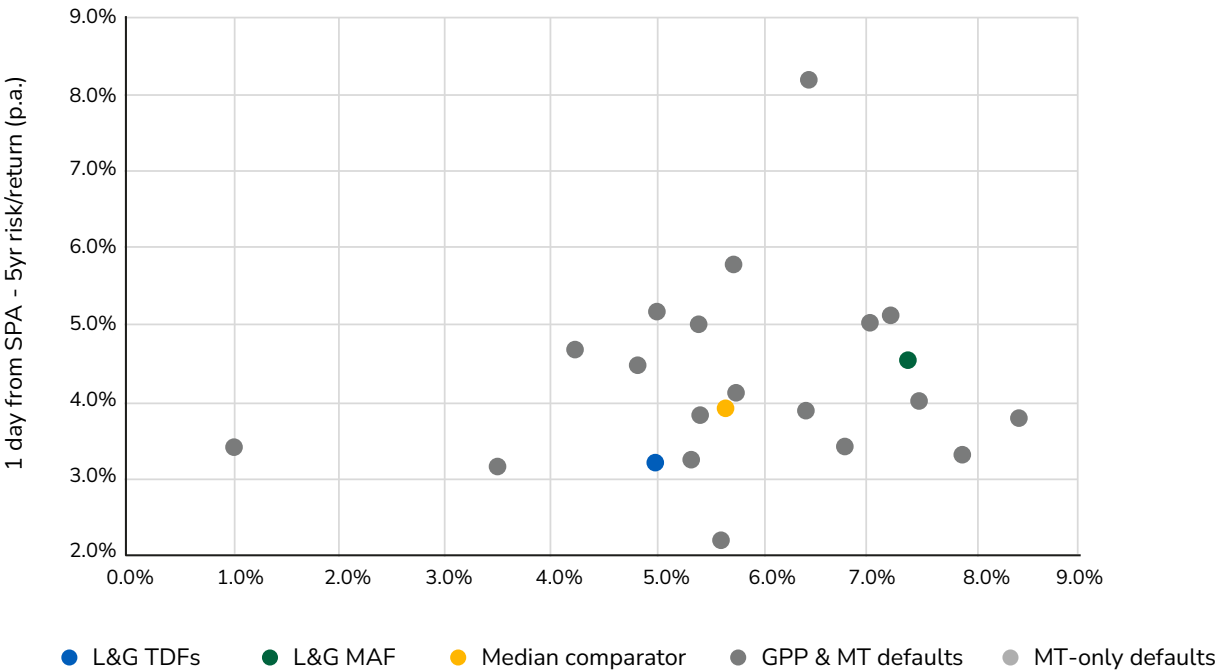


The value of an investment and any income taken from it is not guaranteed and can go down as well as up, and you may get back less than the original amount invested. Asset allocation is subject to change.

Over the five years to 31 December 2025, MAF delivered a return above the peer-group median, but it did so with materially higher risk. The retirement-stage TDF took slightly less risk than the peer median but delivered a lower return. This illustrates the different balance between risk and return provided by the two L&G funds.

The LAF is not included because it was launched in September 2024 and does not yet have five years of performance history.

Risk and returns for members who are one day from retirement



The value of an investment and any income taken from it is not guaranteed and can go down as well as up, and you may get back less than the original amount invested. Asset allocation is subject to change.

Performance of the default funds as at 31 December 2025

Target Date Fund (Growth phase)

Fund	Comparator	1-year performance		3-year performance		5-year performance		10-year performance		Performance since inception (From 18 January 2017)	
		Fund	Comparator	Fund	Comparator	Fund	Comparator	Fund	Comparator	Fund	Comparator
Target Date Fund 2055-60 (Growth)	Cash +4.0%	15.37%	8.26%	12.40%	8.69%	7.77%	7.10%	N/A	N/A	7.33%	5.93%

Target Date Fund (Retirement phase)

Fund	Comparator	1-year performance		3-year performance		5-year performance		10-year performance		Performance since inception (From 18 January 2017)	
		Fund	Comparator	Fund	Comparator	Fund	Comparator	Fund	Comparator	Fund	Comparator
Target Date Fund 2025-30 (Retirement)	Cash +2.75%	9.83%	7.12%	7.67%	7.57%	3.47%	6.17%	N/A	N/A	4.73%	5.19%

Lifetime Advantage Fund (Growth phase)

Fund	Comparator	1-year performance		3-year performance		5-year performance		10-year performance		Performance since inception (From 03 September 2024)	
		Fund	Comparator	Fund	Comparator	Fund	Comparator	Fund	Comparator	Fund	Comparator
Lifetime Advantage Fund 2055-60 (Growth)	Cash +4.5%	15.06%	8.76%	N/A	N/A	N/A	N/A	N/A	N/A	14.62%	8.91%

The value of an investment and any income taken from it is not guaranteed and can go down as well as up, and you may get back less than the original amount invested. Asset allocation is subject to change.

Performance of the default funds as at 31 December 2025

Lifetime Advantage Fund (Retirement phase)

Fund	Comparator	1-year performance		3-year performance		5-year performance		10-year performance		Performance since inception (From 03 September 2024)	
		Fund	Comparator	Fund	Comparator	Fund	Comparator	Fund	Comparator	Fund	Comparator
Lifetime Advantage Fund 2025-30 (Retirement)	Cash +2.75%	9.70%	7.12%	N/A	N/A	N/A	N/A	N/A	N/A	8.13%	7.28%

Multi-Asset Fund

Fund	Comparator	1-year performance		3-year performance		5-year performance		10-year performance		Performance since inception (From 12 January 2012)	
		Fund	Comparator	Fund	Comparator	Fund	Comparator	Fund	Comparator	Fund	Comparator
Multi-Asset Fund	Cash +3.5%	11.93%	7.91%	8.63%	8.36%	4.51%	6.71%	6.99%	5.33%	7.12%	4.96%
	CPI		3.25%				4.85%		3.35%		2.78%

Future World Multi-Asset Fund

Fund	Comparator	1-year performance		3-year performance		5-year performance		10-year performance		Performance since inception (From 20 June 2018)	
		Fund	Comparator	Fund	Comparator	Fund	Comparator	Fund	Comparator	Fund	Comparator
Future World Multi-Asset Fund	Cash +3.5%	11.92%	7.91%	8.86%	8.36%	4.53%	6.71%	N/A	N/A	5.55%	5.81%
	CPI		3.25%				4.85%		N/A		3.71%

The value of an investment and any income taken from it is not guaranteed and can go down as well as up, and you may get back less than the original amount invested. Asset allocation is subject to change.

Bespoke default funds

L&G continues to monitor all bespoke default funds and engages with employers to ensure they are regularly reviewing the suitability of these arrangements with their own investment advisers.

Areas for future focus

We will continue to monitor:

- L&G's project to move the remaining small number of you still invested in the MAF to one of the TDFs or LAFs in 2026.
- The changes to the investment mix highlighted in the 2025 review.
- The performance of the default funds.

L&G continues to develop the LAF strategy and allocate money to new investments. We will monitor its progress and maintain oversight as the strategy evolves.



Investment choice and performance

2025 rating: **Good**

Why we gave this score

When we decide our rating for this area, we consider whether there is an appropriate range of funds available to those of you who make your own investment choice instead of using a default fund. These are known as 'self-select' funds and we look at whether you have:

- A good balance of different types of funds from which to pick.
- Different types of fund management options available.
- A choice for those of you with specific investment requirements or considerations.

While we do not actively encourage members to switch out of the default fund (which has been designed to be appropriate for the majority of members, based on typical retirement needs), we recognise that some members may wish to take a more active role in managing their investments. For those members, the self-select fund range is available. Overall, we are satisfied that L&G has put together a good selection of self-select funds, and it continues to introduce new and appropriate investment opportunities.

A good balance of different types of funds

In 2025 there were 79 funds available in the self-select fund range for the Legal & General WorkSave Pension Plan (WPP) and 33 funds for the Legal & General Group Stakeholder Pension Plan (GSHP). The intention of the range is to let you invest across a diverse range of countries and economic areas as well as a selection of asset classes. We think a good fund range for those who want the choice is key to helping you reach your retirement goals, but that this needs to be balanced with ease of choice and decision making.

Types of fund management

The self-select fund range includes funds that are either 'actively' managed by a fund manager (who chooses the companies and other assets to invest in), or 'passively' managed funds that aim to produce returns by tracking the returns of a specific index, like the FTSE 100 or the S&P 500. Some are managed by L&G's Asset Management business and some by other external fund providers.

Positive developments in 2025

In 2025, we asked L&G to review the self select fund range to understand whether it continues to meet your investment needs.

L&G completed a comprehensive review in 2025, consulting with its investment advisers, undertaking member research and analysis and considering regulatory requirements under the FCA's Consumer Duty. It looked at whether:

- The size of the fund range continues to be appropriate and if there are opportunities to consolidate the fund range to strike a better balance between ease of choice and decision making.
- There is a clear purpose for each fund, and whether L&G should seek to remove unnecessary duplication that could lead to member confusion.
- The fund range continues to be appropriate for different stages of members' savings journeys, including for members accessing their pension pots in retirement.

Following the review, L&G:

- Set its guiding design principles for the self-select fund range and included these within the updates to its Statement of Investment Principles.
- Created a set of recommendations for change that will be implemented in 2027 to simplify the fund range, improve how members navigate and compare investment options, and provide better tools and information to support more informed investment decisions.

How the IGC monitors investment choice and performance

Every three months L&G, alongside its independent investment adviser, reviews how well all the self-select funds are performing compared to their targets and objectives. We meet regularly with L&G's Fund Risk Oversight Committee and get detailed reports and updates from each review.

The key findings for the self-select funds are:

- 96% of funds are meeting or exceeding their performance objectives, based on both data analysis and expert review.
- L&G ranked first against eight competitor firms in an independent benchmarking exercise (conducted by BehindLogin). This measured member experience around investment choice.
- Working with its independent investment advisers, L&G identified four funds with lower performance in 2025. L&G is planning to remove one of the funds. It will continue to monitor and engage with the fund managers of the other three funds.

Independent benchmarking noted that the self-select range covered all of the major asset classes. It also identified that L&G offers fewer active ESG investment fund options compared to the other providers.

Areas for future focus

Whilst the review of the self-select fund range was comprehensive, the IGC would have liked it to have been completed sooner. The IGC has asked L&G to focus on implementing the recommendations from the review in 2026 and 2027. This work will cover:

- Reshaping the self-select fund range, making it easier for you to choose between funds by creating a 'core' fund range and a 'wider' fund range. The 'core' fund range will be designed to meet the needs of most members. The 'wider' fund range will be available for members with more specific investment objectives or considerations.
- Simplifying the fund range by removing fund options and introducing new targeted funds to address gaps in the range. For members who are invested in funds that are closing, L&G's Fund Risk Oversight Committee (FROC), supported by its independent adviser, will determine an appropriate replacement fund.

Affected members will be given at least 60 days' notice of any proposed change and will have the opportunity to opt out and select an alternative fund if they prefer. Members who take no action will be switched to the replacement fund identified through this process. The IGC will continue to have oversight of the implementation of self-select fund changes through its regular reporting from FROC.

- Provide new user-friendly tools and communications to help you easily compare different investment characteristics, such as Responsible Investing (RI), costs and charges, and risk/reward indicators.



Member service and administration

2025 rating: **Excellent**

Why we gave this score

When we decide our rating for this area, we look at a range of relevant and important measures. These measures help us assess the quality of service you receive. For 2025, we asked the L&G operations team to focus on maintaining its strong service levels and to continue to improve income drawdown services to members.

Positive developments in 2025

Processing times for members selecting to withdraw money from their pension pot (referred to as 'drawdown') have improved by 33%, which we consider a positive start in improving the member experience, following our request last year. L&G has also extended its online capabilities, enabling you to generate online drawdown quotes. It is on track to deliver a full online quote, apply and pay service by mid-2026.

L&G has also put in place additional quality control checks for drawdown quotes. Member Net Promoter Scores (NPS) scores in relation to drawdown services have increased from +35 in 2024 to +64 in 2025, with a record score of +74 achieved in November (from 38,600 NPS responses). An NPS compares the percentage of members who strongly recommend L&G with those who rate it less favourably. A score above 40 is good, and above 50 is excellent. We were also encouraged to see that complaints about drawdown services have also continued to reduce with a 45% fall compared to 2024.

You can now nominate your beneficiaries online in My Account. Nominating a beneficiary helps to ensure that, in the event of your death, your pension is paid quickly to the person(s) you choose, helping avoid delays and uncertainty for your loved ones. As part of the project, L&G was able to populate existing beneficiaries' information from previously returned paper forms to a digital version so you can view and amend beneficiary information on My Account and the Mobile App as needed.

Helping vulnerable members

"Consumer Duty rules" introduced by the Financial Conduct Authority, aim to make sure L&G puts your needs first, with particular attention given to vulnerable members. A vulnerable member is someone who, because of their personal circumstances, may be at greater risk of harm if they do not receive the right support at that point in time.

L&G has continued to improve its procedures to help ensure that vulnerable members are identified quickly, and their current needs are supported. These new steps were first introduced in 2023 and are designed to identify the changing needs of members over time. During 2025 L&G identified five times more vulnerable members than in 2024 with an average of 1,881 vulnerable members identified each month. This significant increase needs to be balanced against the currently very low proportion of members having been identified with vulnerability (circa 1.2%).

In addition to providing a new vulnerable member training programme for the operations team, L&G also designed, built and rolled out a vulnerable member App for the team to use. This helps them spot and understand different needs, for example:

- Poor health, such as hearing loss.
- Life events, such as new caring responsibilities.
- Low resilience to cope with financial or emotional shocks.
- Low capability, such as poor literacy or numeracy skills.

The App allows the team to type in a specific need and receive guidance about:

- How this may be shown by members.
- How to best interact with these members sympathetically and effectively.
- Information on how to handle complex subjects such as suicide, mental health or neurodiversity.

By the end of 2025, 152 dedicated vulnerable member training sessions had been delivered to 1,297 members of the L&G team.

Review of Vulnerable Customers Processes

At the end of 2025, the IGC asked L&G to ensure that its processes for vulnerable members remained robust and consistently applied. A detailed review took place in June 2026 that looked at:

- The approach for identifying and flagging vulnerable customers.
- The definition of vulnerable customers.
- How to get more clarity on the number of vulnerable customers.

Following this review, we challenged L&G to continue reviewing how it identifies members in vulnerable circumstances and to consider a broader range of potential indicators, including evidence that members have experienced difficulty accessing or using L&G's services. L&G's identification

of circa 1.2% of members as vulnerable, noted above, should be viewed in the context of L&G not having direct contact with every member, as engagement may occur only when a member chooses or needs to contact L&G.

The FCA's 2024 Financial Lives Survey found that 49% of UK adults had at least one characteristic of vulnerability. This does not mean that 49% of L&G's members are necessarily vulnerable, as vulnerability is individual, may be temporary, and does not always result in a need for additional support. Nevertheless, the significant difference between the FCA's wider population estimate and L&G's identified rate suggests that some members' circumstances may not currently be visible to L&G.

We have therefore encouraged L&G to develop appropriate ways of identifying potential vulnerability across its membership, including among members who have limited or no direct interaction with it, so that suitable support can be offered where needed.

Investing in people, processes and technology

Having the right people, processes and technology in place within the Operations team is important in providing continued improvement in, and quality of, service levels. Over the last year, we have been monitoring several L&G initiatives, including:

People

'Pitch-in' is a continuous improvement initiative designed to help the Operations team come up with ideas to improve the member experience. In 2025 it continued to grow with over 2,500 ideas submitted and more than 250 implemented. These ideas have strengthened collaboration across teams and helped team members to take ownership of meaningful change with the intention of improving member experience and outcomes.

In 2025, L&G also introduced a fraud champion network. This has been a real success and in the last six months c.£2m in fraud has been prevented as a result of the training provided.

Over the year there were 141 promotions and 61 career moves in the Operations team. This evidence of career growth and progression should ultimately help to continue to improve services to members.

Processes and technology

New Voice Recognition technology was brought into the helpline in 2025. When you call the helpline, this technology is used to ask you why you are calling and complete identification checks. This helps make the helpline more efficient.

The team also introduced new AI technology to enhance their 'Live Chat' option. You can now see when you are interacting with a Virtual Assistant and when you are live chatting with a team member.

Document management and some other administrative processes are also now completed using AI which has helped continue to improve service response times for members and helped strengthen fraud prevention.

Quality checks and risk monitoring

The team continued to achieve its target of 90% for quality checks in 2025. These look at the percentage of cases that the team gets right the first time and help identify potential issues or risks that could impact the service to members.

New guidelines were introduced for the timeliness of checking, feedback, and any need to redo work identified. These were accompanied by the launch of an App, which provides team members with instant, automated feedback. It also tracks rework completion and provides additional information to help the team analyse trends and a range of vulnerable member data.

The annual independent external review (AAF 01/20) looked at 84 of L&G's administration processes and risk controls. The report once again gave an 'Unqualified' opinion which means that all of the control objectives tested were achieved.

How the IGC monitors Member service and administration

Service levels

A service level is a maximum time limit for how quickly the operations team processes your requests, like answering queries or processing payments. The team maintained and improved on the service levels that were delivered in 2024. In 2025, the team met its service levels in 99.9% of cases, up from 98% in 2024. The team also continued to improve the speed at which they answer your calls to the helpline, even during busy times. In 2025, the team answered your calls, on average, in one minute and 7 seconds. In 2024 the average time was one minute and 20 seconds.

Using your feedback to continue to improve the service

Members are regularly asked for their opinions and feelings about the services provided and whether they would recommend L&G. This is measured using a NPS which compares the percentage of members who strongly recommend L&G with those who rate it less favourably. A score above 40 is good, and above 50 is excellent. This year, L&G had its highest ever member recommendation score with an NPS of +56 (up from +51 in 2024). Member satisfaction (a separate measure to NPS) also scored very highly with a score of +85 (up from +83 in 2024), where +40 is considered 'very strong'. To measure this, you might be asked 'How satisfied or dissatisfied are you with the service you received from L&G?'.

We work with L&G to review member feedback and discuss how it can improve its services for you. This year we identified one important area where members had provided lower satisfaction scores. This was the process for members to transfer other pensions into their L&G pension pot. Member feedback highlighted complexities and delays when transferring their pension benefits. We asked L&G to simplify and speed up the process, including removing the need for two separate online logins. The operations team have been working to simplify the way members request and complete a transfer. The new process was introduced in June 2026 and includes more direct contact with members and is integrated within L&G's main digital platform.

Managing complaints

The number of open complaints continued to be very low in 2025, with 2.7 million members in total, it was consistently below 90 complaints per month, which remains the lowest level in five years. In 2025, there was a 9% reduction in complaints compared with 2024. Overall, there were only 12 complaints for every 10,000 transactions.

Outside recognition

The team was once again awarded the Institute of Customer Service 'ServiceMark' this year. It's a national standard that assesses levels of member satisfaction and service effectiveness. Its review showed a significant step forward with the team achieving a score of 82.6, an increase of 9.9 since the 2024 report.

Independent research

These results were also validated by independent research that we commissioned which compared L&G's member service and administration performance to other pension providers. The independent research showed that performance has been among the top 25% of pension providers for areas such as meeting its service levels and member feedback scores. The independent research supports our rating of 'Excellent'.

Areas for future focus

We expect L&G to keep up its high service levels.

We have also asked the team to continue to work on improving the drawdown service in 2026.

We expect L&G to continue its work on enhancing services for vulnerable members.

We welcome L&G's simpler and quicker transfer process launching in 2026 and will monitor improvements in this area.



Member engagement and communication

2025 rating: **Good**

Why we gave this score

When we decide how to rate the different communications that L&G produces for you, we look at whether they are clear, accurate and of good quality. We also think about whether they are right for your needs at different stages of your savings and retirement journey. We look at key data and feedback about how you are engaging with your pension pot. We check whether improvements to L&G's communications and the introduction of new digital tools and engagement services for example member webinars and guidance support help to increase your understanding and engagement.

For 2025, we asked L&G to make progress in some important areas. We wanted it to:

- Keep adding helpful new tools and services to the L&G App.
- Keep improving the support for those of you withdrawing money from your pension pot (referred to as drawdown).

- Continue to improve the interactive Guided Retirement Planner and make it available to members well in advance of key 'at retirement' decisions.
- Make sure the new L&G App works well alongside Manage Your Account (MYA).
- Start sending more tailored help to you - communications could be based on where you are in your savings journey, your interests and how you prefer to manage your pension pot.
- Extend the video pension benefit statements to members who have a pension pot that they haven't yet accessed, but into which they are not currently saving.

Our review of what L&G has delivered in the year shows good progress overall.

Positive developments in 2025

New tools and services added to the L&G App

L&G launched the app in September 2024. During 2025 it added:

- The option to connect your bank account with your pension pot through Open Banking. This means you can now see your day-to-day money in the same place as your pension and make one-off deposits into your pension pot through the app. You can also review your spending habits and set and track budgets that work with your savings goals.
- The ability to link up your L&G workplace ISA with your pension, as well as any pension pots you might have with other providers.
- A new graphical display that shows you how your pot value has changed over time.
- More tailored content designed to help you better manage your pension pots and savings based on information about you.
- New sections to let you see all your transactions, documents and investments in one place.

Many of you provided good feedback on Google and Apple stores. The average score was 4.8 out of 5 by the end of 2025, a significant increase from a score of 4.26 at the end of 2024. This made the app the top-rated UK workplace pension app at the end of 2025.

L&G App

The [app](#) lets you:

- See how much your pension is worth.
- See how your investments are performing.
- Keep your details up to date.
- Boost your financial fitness.

[Download from the App store >](#)

[Download from the Play store >](#)



Keep improving support for those of you using income drawdown

More of you are now able to move into drawdown through the app and MYA. In 2025 L&G simplified the steps required for you to take some, or all, of your pension pot into drawdown on both the app and in MYA.

Continue to improve the Guided Retirement Planner and make it available to members well in advance of key ‘at retirement’ decisions

The Guided Retirement Planner (‘the Planner’) helps those of you over the age of 55 to see if you are ready for retirement. It breaks retirement into easy steps, helps you set goals for your lifestyle and income, and looks at your options for using your pension pot. It then gives tailored support, such as suggesting whether to combine your pension pots, save more, or get financial advice. Over 2025, L&G broadened access to allow you to access this through either the app or MYA. Over 2025, 100,000 of you aged 55+ used the Planner. A quarter of those members then went on to make a change to their pension pot – like buying a guaranteed income (an annuity), moving into income drawdown or combining pension pots. This means that one in five of you aged 55+ have used the Planner to support your retirement.

In October 2025, the Planner was made available to those of you under the age of 55. In the three months until the end of 2025, more than 60,000 of you aged under 55 used the Planner.

Manage Your Account (MYA) was updated to work better with the L&G App

L&G also added the same new tools and services to MYA as it did the app, to give you greater choice as to how you explore your pension. It also improved the way MYA works alongside the app. This means that you can now choose to complete more actions either on the app or through MYA, or through a mix of both letting you move seamlessly between the two.

The number of you registered for MYA has more than doubled in 2025 versus 2024. Meanwhile, the time it takes you to complete tasks through either the app or MYA reduced over 2025.

Providing you with more tailored help

Throughout the year, the day-to-day communications that you receive were refined. More of your communications are now specific to information about you and your pension, as well as being tailored to the actions you’ve taken and information that you have explored.

This has led to an increase in engagement with emails from L&G – 64% of emails were opened, compared to 47% in 2024. This is a significant increase on the industry average of 30%.

The number of you using Go & Live, a platform providing money-related information and resources increased following the addition of more tailored content. Around 43,000 of you visited it in 2025, compared with 6,500 in 2024.

Extend the video pension benefit statements to members who have a pension pot that they haven’t yet taken which they’re not currently saving into.

In 2025, video pension benefit statements were made available to all members online through MYA, including those of you not currently paying into your pension pot.

Accessibility

We have continued to encourage L&G to ensure it provides inclusive and accessible communications. All communications are created based on accessibility best practice. Significant changes trigger member testing to make sure all new communications are as accessible and understandable to as many of you as possible.

The L&G communications team works with a range of organisations, including specialist companies who help it to support members. This includes:

- Supporting those who are deaf by integrating British Sign Language (BSL) into some videos. L&G plans to extend this to more videos over time, including the video pension benefit statements.
- Working with the Royal National Institute of Blind People (RNIB) to better help members with visual impairments.
- ‘Plain Numbers’ principles to better support people around numeracy and lower confidence with numbers. In 2025, three communications gained the Plain Numbers certification mark.

In 2025, L&G launched its first non-English translations to some of its core communications, designed to better support members where English is not their first language.

Webinars

More than 19,000 of you watched the L&G pension webinars over the year, an increase from about 14,000 in 2024. These educational sessions are designed to help build your understanding of pensions and the range of choices available to you. They continued to receive positive feedback with a combined rating of 4.6 out of 5.

In 2025, L&G launched additional support for members whose first language is not English. The team introduced the option for members to watch on demand with subtitles in a mix of languages including Urdu, Hindi, Ukrainian and Polish.

How the IGC monitors member engagement

One of our responsibilities is to assess whether the communications you receive are helpful, engaging, clear and consider the different characteristics, needs and objectives you have. Throughout the year, we were kept up to date on the progress of the communications plan, including the plans for launching more tailored communications, the improvements to the [L&G App](#), [MYA](#) and the Guided Retirement Planner. We also regularly reviewed important member engagement metrics, to understand, for example, whether members are registering for and using the tools available, like the [L&G App](#), and whether communications are successfully encouraging members to complete important tasks, like keeping their nomination of beneficiary forms up to date.

Independent research

Independent research commissioned by the IGC rated the overall quality and range of L&G's member communications as 'Good'. Member engagement services were described as high quality, including its online member community where it seeks feedback from members. L&G differentiates its feedback approach for different member types which was considered a strength. The research highlighted the improvements introduced during 2025 including: enhancements to L&G's financial wellbeing offering; more functionality added to the App; and the increased level of personalised support for members, supported by behavioural insights.

The research identified that the percentage of members with a beneficiary nomination remained low (15%) and that L&G should consider ways to encourage members to complete their beneficiary form.

Areas for future focus

- We expect L&G to continue improving its communications to ensure members continue to receive clear, accurate and timely information.
- We want L&G to continue to work hard to keep member communications fresh and interesting, and to broaden the types of communications that you receive. We expect this work to be maintained, in addition to L&G delivering the following goals in 2026:
 - We have asked L&G to provide clearer evidence that its engagement initiatives are reaching and influencing a broader range of savers. We want to see that more savers are engaging with their pension pot, improving their understanding of their savings and options, and taking informed steps towards better retirement outcomes.
 - We expect L&G to add additional functionality to the App, including the introduction of more personalisation to the App homepage and member notifications; and improving visibility and tracking of your pension transfer requests.
 - We expect L&G to expand segmentation (or tailoring) of member communications to make these more relevant and personal to members to better support you in your decision making.
 - We expect L&G to develop the Guided Retirement Planner with consideration to the FCA's new Targeted Support framework.
 - We expect L&G to continue to focus on increasing the number of members with a beneficiary nomination.



Accessing your pension

2025 rating: **Good**

Why we gave this score

Retirement isn't the same for everyone so it's important that you have a range of options for when and how to take your pension pot. These are big decisions and it's essential that you're provided with clear and easy to understand information about your choices. We expect your options to be easy for you to access, and we want you to have the right support and warnings about the risks you should consider.

Positive developments in 2025

In 2025 we asked L&G to deliver improvements to its income drawdown service with a focus on online services. Income drawdown (or 'drawdown') means taking a bit out at a time and leaving the rest of your money invested. Drawdown is just one of the retirement income options available to you.

These are the improvements that have been made in 2025:

Drawdown services

- **Online drawdown quotations:** L&G has completed the first phase of its plan to improve its online drawdown service by rolling out an online quote and application process. You can now request a drawdown quote online which helps cut down on the time it takes to access your money. The next step is for L&G to launch the online application form during 2026.

- **Drawdown in the L&G App:** If you have already moved your pension pot into drawdown, L&G has made it easier for you to manage it. You can now manage your drawdown pension pot using the L&G App. There are already 16,083 drawdown members using the App (about 25% of the total membership).
- **Online fund switch and investment performance:** We asked L&G to respond to your feedback by providing more information on the performance of your drawdown funds and the ability to browse available funds and switch them online. L&G completed all the work to introduce these options in 2025 and started to provide online fund performance information and online drawdown fund switching in January 2026.

These improvements have led to a significant increase in members' Net Promoter Scores (NPS) from +35 in 2024 to +64 in 2025. An NPS compares the percentage of members who strongly recommend L&G with those who rate it less favourably. A score above 40 is good, and above 50 is excellent.

Annuity services

- **Online annuity application:** L&G has also improved the process to apply for an annuity online. This process now includes an open-market comparison tool to help you assess value for money. You can use it by going to the retirement options page in [Manage Your Account \(MYA\)](#) or through the L&G App. It includes a new landing page which contains important information about annuities to support your decision making.

Advice services

- In November 2025, L&G extended its independent advice services through L&G Financial Advice Limited (LGFA). This gives you the option to get more support with financial decision-making if you need it. LGFA introduced new savings products on the Quilter platform, including Stocks & Shares ISAs, Collective Investment Accounts (CIAs) and Investment Bonds. It also moved from percentage-based charging to a simple, fixed-fee structure following member feedback.

How the IGC monitors retirement support

The measures we look at when deciding our rating for this area are:

The range of options you have

L&G offers you a full range of retirement options, including:

1. Buying a guaranteed income (an annuity).
2. Taking your pension pot as cash.
3. Taking a bit out at a time and leaving the rest of your money invested (drawdown).

Or you can have a combination of all three.

Clear communication

We encourage L&G to ensure that the information you receive about your retirement options in the run-up to retirement (usually five and 10 years before), and at retirement is clear and easy to understand. Information is usually sent to you by post, or by email if the team has an email address for you. Communications about your retirement are designed to reflect your personalised options based on details about you and your pension pot. All communications you receive are saved so you can look back at them whenever you want to. You can update your preferences in [MYA](#) to let L&G know how you would like to receive information about your pension pot.

You can find out more about L&G's communications in the Member engagement and communications section.

Support to help you with your retirement choices

L&G provides you with a range of personalised retirement planning tools to help you make an informed decision about how and when to use your pension pot. These include a retirement planning tool, a benefits calculator and a tax calculator. You can also access a range of helpful information about approaching retirement through [MYA](#). This includes case studies about your options for using your pension pot early and links to the financial wellbeing site, Go&Retire.

If you are aged 45 or over with a pension pot of £20,000 or more, you can access a paid-for advice service through Legal & General Financial Advice (LGFA). You can also take guidance through Pension Wise, a government service offering free and impartial pension guidance for those of you who are over 50.

Ease of accessing your pension pot

L&G's ambition is to send most member communications through digital channels, whether that's through email or through [MYA](#) and this continues to evolve. Currently all retirement options can be accessed through a secure online process from MYA.

In 2025, we worked with L&G to ensure it continued to develop its online process for those of you who chose to move your pension pots into drawdown.

During 2025, we were pleased to see that L&G received good feedback from members about its online ad-hoc withdrawal process, with 73% of transactions being done online during 2025 and a customer satisfaction score of 4.67 (out of 5).

We support L&G's move to expand the online process for more members but also encourage it to continue to offer good quality offline routes for members to access their pension pots too.

All retirement options are supported by a paper-based process, which has been improved in recent years. A dedicated team is also available for support by phone for all options. Some options (like taking out a cash lump sum) can be completed over the phone, which removes the need for you to complete any paper forms.

Independent research

An independent comparison of the options that L&G offers you at retirement to those of other pension providers showed that the options across all providers were similar, although L&G came out at the top end. This independent comparison was based on:

- The range of options available to use your pension pot, including the flexibility of these options.
- How you can review your options and then make a choice.
- The support offered to you at retirement, as well as any support in retirement depending on the option that you choose.

However, although there is good flexibility in how you can take your pension pot, L&G was the only pension provider to impose a £2,000 minimum limit for taking a partial cash lump sum (known as an uncrystallised funds pension lump sum) outside of the flexible income drawdown process. We have continued to engage with L&G and press them on whether this minimum limit remains appropriate. L&G has committed to complete this review and address this point during 2027. We will monitor progress throughout 2026 and report our findings in next year's report.

In addition, whilst L&G has made a number of improvements to the drawdown process over the year (including introducing an online quote process for members), in some circumstances it still asked for a 'wet signature' to finalise the process. This was behind other providers in 2025. In February 2026, the journey was made fully online, removing the need for wet signatures.

Areas for future focus

While L&G made progress during 2025 in improving its drawdown services, there are some key areas where we would like them to further enhance value for members in 2026:

- **Make changes to drawdown fees for beneficiaries:** We have asked L&G to implement a new charging structure as a priority in 2026, to ensure those who inherit a drawdown account do not pay higher fees than the original owner of that drawdown account.
- **Minimum limit for taking a partial lump sum:** We will continue to engage with L&G to review the £2,000 minimum limit for taking a partial cash lump sum outside of the flexible income drawdown process and press them to consider whether this minimum limit remains appropriate. L&G has committed to complete this review and address this point during 2027. The IGC would like this review to be completed sooner but we understand that the work is part of L&G's wider retirement journey enhancement programme, of which this review is one of the deliverables. We will monitor progress throughout 2026 and report our findings in next year's report.
- **Develop and launch a Guided Income service:** We support L&G's ambitions to design and implement a Guided Income service to support you to turn your savings into a sustainable retirement income for life in 2026. This will include a new targeted support journey where in the early years of retirement, L&G will help you understand how much income you should take. It will also support you in the later years by letting you know when you might benefit from moving to a guaranteed income product as your needs change.
- **Further extension of financial advice services:** In early 2026, L&G plans to increase the level of support it offers to you by introducing an optional ongoing advice service at an annual cost of £750 to £1,125, depending on the areas of advice you need. As the advice fee is fixed, we are conscious that the costs are proportionately higher for members with smaller pension pots than those with larger pots. We will assess the fee approach, and the extent to which it adds value to the services you receive from L&G, during 2026.



Environmental, social and governance (ESG) investing

2025 rating: **Excellent**

Why we gave this score

Overall, our assessment is that ESG investing remained a key area of strength. L&G continues to demonstrate a strong commitment to responsible asset ownership, maintaining a leading position within the industry. The Independent research we commissioned has shown that L&G's approach to ESG investment is consistently rated as either strongest or above average in comparison with other participating pension providers. Further details can be found later in this section.

What is ESG investing?

The money in your pension pot is invested, for example, in company shares (called equities), government bonds and company debt (called corporate bonds). When L&G manages the funds in which your pension pot is invested, it takes many different factors into account including environmental, social and governance (ESG) considerations. These can cover a wide range of investment opportunities and risks, ranging from the short term to those that will be managed for many years or even decades. Some examples for each are:

- **Environmental issues** - including climate change and nature loss.
- **Social issues** - including employment rights and fair pay through to engagement with employees, customers and suppliers.
- **Governance issues** - including executive pay, the transparency of corporate reporting and shareholder rights.

There are many benefits to managing ESG issues, including improved risk management, the potential for greater investment returns over the long term, and contributing to global sustainability goals.

Visit the Responsible Investing Hub

You can find out [more about L&G's approach to ESG investing](#) on the Responsible Investing hub.

Positive developments in 2025

Active Ownership in 2025

Active Ownership defines the way in which L&G aims to protect and help your pension pot grow over the long term by influencing the behaviour of the companies in which it invests.

Some risks, such as climate change, global health crises, or poor corporate governance, can affect not just individual companies, but entire markets and economies. These are known as systemic risks, and they have the potential to disrupt the broader financial system and future investment growth.

L&G actively engages with companies, regulators and policymakers to spot these systemic risks early, raise awareness and take action to achieve positive change. In 2025, it engaged with 3,201 companies (compared to 3,447 in 2024) including 4,130 environment-related engagements (compared to 3,617 in 2024), 81 on social issues* (compared to 753 in 2024) and 369 on governance matters (compared to 694 in 2024).

One of the most powerful engagement tools L&G uses is voting rights. In 2025, it voted on 148,846 resolutions (this is up from 141,998 in 2024) at 15,931 company meetings to hold company boards to account and raise market standards.

You can find out [more about L&G's approach to ESG investing](#) on the Responsible Investing hub.

Climate Impact Pledge

Climate change is an important systemic risk that could affect the long-term value of your pension pot. L&G's Climate Impact Pledge is a targeted engagement programme focused on key companies across 20 'climate-critical' sectors (e.g. oil and gas, electric utilities and property) whose actions could significantly affect progress on climate change.

As part of this pledge, L&G:

- Assesses over 5,000 companies across 20 'climate-critical' sectors on their climate strategy, governance, risks and opportunities, reporting as to how well they align with global climate goals. Companies receive a 'traffic light rating' based on their performance against 80+ measures.
- Engages with companies that are assessed as underperforming, encouraging them to strengthen their approach to climate change. In 2025, L&G engaged with c. 2,700 companies under this engagement programme (compared to c. 3,000 in 2024).
- Uses voting power at annual general meetings when companies fail to meet L&G's minimum standards. The aim is to promote positive change, but where a company fails to make meaningful progress over time L&G may choose to sell its shares in that company. In 2025, L&G identified 273 companies for potential votes against the Chair at their AGMs for not meeting minimum expectations, while 15 companies remained on L&G's Climate Impact Pledge divestment list.

In 2025, L&G published its latest [Climate Impact Pledge report](#).

*The difference in the 2024 and 2025 engagement figures on social issues is mainly due to a range of social written campaigns, including the Human Rights written campaign, which concluded in 2024 and were not repeated in 2025.

Deforestation campaign progress

Forests play a central role in stabilising the climate, supporting biodiversity and underpinning global economic systems. Since 2022 L&G has taken steps to address deforestation risks within its investment portfolios. The campaign continued in 2025 with hundreds of companies contacted about their lack of progress against minimum expectations. Four companies remain on L&G's Climate Impact Pledge divestment list (for applicable funds) due to lack of progress on deforestation, among other climate-related factors.

In 2025, L&G published its latest [Deforestation progress report](#) setting out its progress towards the milestones within L&G's COP26 Commitment to Eliminating Agricultural Commodity Driven Deforestation from Investment Portfolios. This commitment is designed to monitor and remove the exposure to agricultural-commodity-driven deforestation from investment portfolios, replacing it with nature-based solutions.

ESG integration in the default funds

Over the last two years more than 1.6 million pension pots have moved from the Multi-Asset Fund (MAF) into L&G's range of Lifetime Advantage Funds (LAFs) and Target Date Funds (TDFs). The range of LAFs and TDFs apply ESG tilting and include specific climate, nature and social considerations.

ESG tilting refers to investment exposure being tilted away from fossil fuel-related businesses and toward companies which contribute to climate change adaptation, mitigation, and environmental protection.

The range of TDFs include specific ESG-focused funds (like the Climate Action Fund and the Nature and Social Outcomes fund) in their investment mix, alongside other ESG-focused investments:

- **Positive selection baskets are incorporated.** These are collections of assets that fulfil certain ESG criteria. For example, a sustainable infrastructure basket might hold renewable energy generators and clean water utilities. There is also an allocation to social purpose real estate: providing social services to communities through housing, healthcare and education; and timberland. These allow for more targeted exposures with a greater focus on the specific ESG characteristics relevant to that investment type. Where the fund managers identify gaps or opportunities, they may also look to make additional investments in specific areas.
- **Sustainable themes focus on identifying and investing in long-term growth trends that shape the future economy and society.** By targeting themes such as clean energy and water technology, the TDFs aim to capture opportunities driven by innovation, sustainability, and demographic change.
- **A focus on sustainable outcomes in the L&G Climate Action Fund.** An engagement led approach to ESG investing targets underperforming companies in the climate transition. By investing in, and engaging with, these companies, the aim is to drive real world emissions

reductions and unlock significant shareholder value. Each company undergoes a bespoke engagement process with clear ESG-focused objectives and time-bound expectations.

This shift represents a meaningful improvement in ESG integration, enhancing members' exposure to more sustainably managed assets.

Task Force for Financial Disclosures reports

L&G has published its [latest set of Task Force on Climate Related Financial Disclosures \(or 'TCFD'\) reports](#).

There are two TCFD reports, depending on which scheme you're a member of:

1. **WorkSave Pension Plan**
2. **Group Stakeholder Pension Plan**

These reports show carbon-related (and other greenhouse gases) emissions data for L&G's funds and lifestyle profiles. L&G tracks progress against net-zero carbon emission targets for the main default funds in which your pension pots are invested and shares its findings with the IGC.

In setting the target decarbonisation pathway on carbon intensity towards the Net Zero by 2050 goal, L&G has focused on setting interim targets to measure its progress. L&G believes these are broadly in-line with the reductions in global emissions necessary to meet the Paris Agreement's goal of limiting global warming to well below 2°C.

To date, the funds are materially ahead of their 2025 and 2030 targets. L&G published its updated climate and nature transition plan in early 2026: [Climate and nature transition plan 2026](#). L&G is also considering ways in which a 'Net Zero 2.0' approach can be integrated into the funds to ensure it aligns its efforts towards real-world decarbonisation versus portfolio-level decarbonisation.

Net zero means cutting carbon dioxide (one of the key greenhouse gases) to as close to zero as possible, with remaining emissions re-absorbed or removed from the atmosphere for example by oceans, forests or carbon capture technology. It also requires significant reductions in other greenhouse gases, particularly methane.

Better information to help you understand ESG

In 2025 new graphics-based fund summaries were made available for many of the default and self-select funds. These allow you to see:

- The top companies in which the funds invest.
- How ESG-related risks and opportunities are considered.
- Real world case-studies of how engagement outcomes were driven by established stewardship processes.

These aim to provide you with better, more transparent information to help you make informed choices when considering investment funds for your pension pot.

Continuing to encourage you to have your say

If your pension pot is invested in one of the default funds you can continue to access the Tumelo platform. Tumelo lets you tell L&G how you would vote on issues like diversity and inclusion, climate change, senior management pay and human rights. This means that your voice is heard by L&G's Responsible Investment and Stewardship team.

You can access the Tumelo platform from [Manage Your Account \(MYA\)](#).

Although L&G integrates ESG considerations into its investment decision-making and stewardship practices, this does not guarantee the achievement of responsible investing goals within the portfolio.

Independent research

We commissioned independent research to assess L&G's ESG credentials against other pension providers. The results, along with our own internal assessment, reinforced our decision to maintain an 'Excellent' score for this area.

The majority of funds available to you were rated as 'Strong' in relation to their ESG considerations – the highest rating available.

Our independent review of L&G's ESG policies

Each year, we review and analyse the policies L&G has in place relating to ESG financial considerations, non-financial matters, how ESG is considered in the investment strategy and the adequacy of policies on stewardship. We also review the activities of the Responsible Investment and Stewardship team.

Following our assessment, we are satisfied that the current policies:

- Meet the requirements and are of good quality;
- Have been designed to properly consider risks or opportunities; and
- Take into account your needs and expected investment timeframes (both short and long-term).

We also concluded that the right systems are in place to make sure the policies are implemented correctly.

We recognise the strength of L&G's approach and leadership on these areas.

External recognition for excellence

L&G won the Best Sustainability Asset Manager award at the 2025 Corporate Adviser Awards.

In 2025, L&G retained a five-star rating in the Principles for Responsible Investment (PRI) report for six modules. Five stars is the highest rating possible in the largest global report on responsible investment.

L&G was also recognised by Forest500 for its approach to deforestation, ranking top for financial institutions.

Areas for future focus

We have retained the rating for ESG investing as 'Excellent'. However we recognise that there is much more that pension providers can do to drive forward ESG within both investment design and stewardship.

We will continue to monitor and challenge L&G on its approach to ESG investing and report our findings in next year's report, with a focus on:

- **The IGC continues to challenge L&G on its exclusion thresholds.** L&G currently excludes a company from the relevant funds only where 20% or more of its revenue comes from thermal coal or oil sands extraction or thermal coal power generation, and even then, only where the company has no Paris-aligned* plan to phase coal out. We consider this threshold too permissive. It allows companies with material fossil-fuel revenues to remain in members' funds. We are asking L&G to (a) lower that threshold to 5%, and (b) extend the policy to capture fracking (hydraulic fracturing) operations, which it does not currently cover. This means more carbon-intensive companies would be excluded and would bring L&G into line with the stricter standards now adopted by many across the market, including by other large UK workplace pension providers and the EU's regulatory Paris-aligned benchmark. We expect L&G to respond as to whether it accepts the 5% threshold, any timeline for implementation, or its stated rationale for retaining 20%, including any evidence that a lower threshold would harm member outcomes

*EU Paris-Aligned Benchmark

The thresholds are set in Commission Delegated Regulation (EU) 2020/1818, which supplements the EU Benchmark Regulation. The fossil-fuel exclusions are in Article 12 ("Exclusions for EU Paris-aligned Benchmarks"), which excludes companies that derive:

- 1% or more of revenues from coal (exploration, mining, extraction, distribution or refining of hard coal and lignite)
- 10% or more from oil fuels
- 50% or more from gaseous fuels

- **Updating the Statement of Investment Principles (known as a 'SIP').** We have previously said we would like to see the SIP evolve to reflect new information and data that is available, and that we expected this to be completed in 2025. Good progress has been made to update the SIP, which will also include opportunities for improvements that we have suggested to L&G. We expect these updates to be completed and published in 2026. We will track progress of these updates and consider the effectiveness of the updated documents.

Statement of Investment Principles

This sets out what L&G aims to achieve with the investment options offered to you and shows how its investment principles guide the way in which your money is invested. They can be accessed through [Manage Your Account \(MYA\)](#).

- **Considering improvements to the self-select funds.** The triennial review of the self-select funds progressed in 2025, with the objective of ensuring each fund serves a clear purpose and aligns to a strengthened set of principles that include responsible investing considerations. We will continue to track progress in this area and report back in 2026.
- **Refreshing the independent research framework** that we will use to assess L&G's ESG credentials against other pension providers.



Investment pathways

2025 rating: **Good**

Why we gave this score

If you choose to use your pension pot to give you a flexible income in retirement, you'll move some (or all) of it into a special pot called 'drawdown'. This lets you draw money down from it flexibly. Your drawdown pot will be invested, and you can take a regular income from it, and/or withdraw cash amounts as and when you want to. You can also choose to use some or all of your drawdown pot to buy a guaranteed income (called an annuity) at any time.

How do investment pathways work?

An investment pathway is a ready-made investment option for some or all of your drawdown pot. You will be asked to choose one or more options based on how you intend to use your drawdown pot over the next five years. Behind each of these is an investment option, targeted to meet the aims of each investment pathway to support your retirement needs. These investments are managed for you by L&G.

The investment pathway options are:

1. I have no plans to touch my money in the next five years.
2. I plan to set up a guaranteed income (annuity) within the next five years.
3. I plan to start taking a long-term income within the next five years.
4. I plan to take out all of my money within the next five years.

With investment pathways you can:

- choose one option, or
- combine multiple options.

You could also decide not to select an investment pathway and make your own investment choice instead. Plus, if how you intend to use your drawdown pot in retirement changes, you can switch investment pathways (or your own investment choice) at any time to one that better reflects what you want to do.

Investment pathways are available to both Workplace and Personal Pension scheme members. Each year L&G reviews the investment pathways it offers, and how members are using them, and shares its findings with us.

If you choose to use your pension pot to give you a flexible income in retirement, you'll move some (or all) of it into a special pot called 'drawdown'. This lets you draw money down from it flexibly. Your drawdown pot will be invested, and you can take a regular income from it, and/or withdraw cash amounts as and when you want to. You can also choose to use some or all of your drawdown pot to buy a guaranteed income (called an annuity) at any time.

Positive developments in 2025

Over the year, L&G made a number of the improvements that we requested following our 2024 assessment. These included:

- **Changing how Pathways 2 and 4 are invested.** In June 2025, the asset mix of Pathway 2 (annuity) was refined with the aim of reducing the impact of movements in annuity prices on investors planning to buy an annuity. Pathway 4 (taking all my money within five years) was updated with the aim to offer investors a better balance between risk and potential return.
- **Creating investment reminders:** In line with the Financial Conduct Authority's (FCA's) suggested approach, L&G has introduced a five-yearly reminder for investors who have chosen Investment Pathways, encouraging them to review whether their investments still meet their needs.
- **Online drawdown quote and application process:** You can now request a drawdown quote online which helps cut down on the time it takes to access your money. The next step is for L&G to launch the online application form during 2026. This process includes risk warnings and prompts to support you in choosing the right investment pathway for your needs. You can also make investment switches online including switching into or out of investment pathways.

Based on our assessment of the information that has been shared, we believe that L&G's investment pathways deliver value for money for most investors.

Costs and charges

As part of our review, we consider the costs and charges paid by those who are invested in an investment pathway. Compared to other providers, we found that L&G's are in the lower range for Workplace members and in the midrange for Personal Pension scheme members.

Investment Strategy and Performance

We apply the same value for money assessment principles when assessing Investment Pathways funds as we do for Workplace customers' other investment options. It is important that each pathway uses the right investment solution and the asset mix. Pathway 2 and Pathway 4 have been refined with the aim of improving outcomes for members in these Pathways.

Workplace members have access to a range of Investment Pathways, including standard and ESG (Environmental, Social and Governance) ranges. Employers can choose which pathway range to offer their members and may also offer a bespoke

range tailored to the needs of the scheme. Personal Pension scheme customers have access to a separate standard range of funds.

As part of our assessment of the Investment Pathways, we reviewed the performance over one, three and five years. We also considered the findings of an independent survey conducted in 2026, which covered up to six Retail and six Workplace providers, depending on the pathway.

The performance information originally presented to the IGC covered the Workplace ESG range and the Personal Pension range. The Workplace Standard and Bespoke ranges were not assessed separately in the peer comparison. L&G subsequently provided information comparing the ESG and Standard ranges, which showed that the performance differences were minimal. On this basis, we considered the results reviewed to provide a reasonable indication of performance for the purposes of our 2025 assessment. We recognise, however, that future reporting should identify and consider all pathway ranges more explicitly.

Performance relative to peers

- **Pathway 1:** Workplace performance broadly matched the peer median over one and three years but was slightly behind over five years. Personal Pension scheme performance was ahead of the peer median across all three periods.
- **Pathways 2 and 3:** Delivered the strongest peer-relative performance overall.
- **Pathway 4:** Personal Pension scheme and Workplace performance was ahead of the peer median over one and three years but behind it over five years.

Performance against cash and cash-plus comparators

- **Pathway 1:** Both Personal Pension scheme and Workplace outperformed the cash-plus comparator over one year. Over three years, Personal Pensions remained ahead but Workplace was behind. Both were behind over five years.
- **Pathway 2:** Workplace performance was ahead of its blended comparator - which combines the FTSE Annuities Index with a cash-plus measure - over one, three and five years. Personal Pension scheme Pathway 2 was behind the FTSE Annuities Index over one year but ahead of it over three and five years.
- **Pathway 3:** Both Personal Pension scheme and Workplace outperformed the cash-plus comparator over one year but underperformed it over three and five years.
- **Pathway 4:** Both Personal Pension scheme and Workplace outperformed cash over one and three years but underperformed it over five years.

We consider comparisons with cash and cash-plus measures useful because they provide a simple absolute reference point alongside the peer analysis. This helps us assess whether investors have been rewarded for taking investment risk, rather than relying solely on relative rankings where providers may have experienced similar market conditions or performance.

L&G has proposed further changes to Pathway 4 with the aim of achieving a better balance between risk and potential return and improving inflation-adjusted outcomes. We have challenged L&G to implement the changes and monitor whether they improve outcomes for those invested in this pathway.

Further details for Investment Pathways performance and costs and charges are included in Appendix 1 of the report.

For the value for money areas detailed below, our assessment looks at the value received for all investors under the responsibility of the IGC, including both Workplace Pension and Investment Pathways customers. You can read our detailed assessment for each of these areas in the relevant section earlier in the report.

Member service and administration

We look at a range of relevant and important measures. These measures help us assess the quality of service you receive and that the core financial transactions are processed promptly and accurately, such as processing contributions, transfers or death benefits.

Supported by the independent research we commissioned, we found that L&G was in the top 25% of pension providers in the areas of service levels and member feedback scores.

We have asked L&G to develop the support it offers when an investor first chooses which investment pathways to use, to help you make the right choice.

Member engagement and communication

We assess whether the communications you receive are helpful, engaging, clear and consider the different characteristics, needs and objectives you have, as well as the quality and appropriateness of investor engagement and communications.

We have asked L&G to review the frequency of the current regular reminders to those who have chosen Investment Pathways, encouraging them to review whether their investments still meet their needs.

In addition, we have asked that L&G continues to communicate with those of you who are currently taking money from your pension in unexpected ways, that do not align with the purpose of the pathway you have chosen.

Accessing your pension

Our assessment considers various matters in relation to you being able to access your pension, including the clarity of L&G's communications, support to help you with your retirement choices, and the ease of accessing your pension pot. L&G offers a range of personalised retirement planning tools to help you make informed decisions about your pension pot. There is also a range of helpful information about approaching retirement through MYA. During 2025 L&G extended its independent advice services to offer you more support with financial decision making if you need it, for an additional cost.

We were pleased to see the introduction of the online drawdown quote and application during 2025 which helps cut down on the time to access your money.

As noted above, we will monitor L&G's progress in launching the online application form during 2026. This development will help support you in choosing the right investment pathway for your needs. In addition, it will allow you to make investment switches online including switching into or out of investment pathways

Environment, social and governance (ESG) investing

As previously stated, Workplace members have access to a standard range of Investment Pathways. Your employer may instead choose to offer an ESG range, which places greater emphasis on environmental, social and governance considerations, or a bespoke range tailored to the scheme. Personal Pension scheme customers have access to a separate standard range of funds.

In general terms, our assessment is that ESG investing remained a key area of strength. L&G continues to demonstrate a strong commitment to responsible asset ownership. The independent research we commissioned has shown that L&G's approach to ESG investment is consistently rated as either strongest or above average in comparison with its peers.

We review the policies L&G has in place relating to ESG financial considerations, non-financial matters, how ESG is considered in the investment strategy and the adequacy of policies on stewardship. We also review the activities of the Responsible Investment and Stewardship team.

Our assessment found that the current policies: meet the requirements and are of good quality; have been designed to properly consider risks or opportunities; and take into account your needs and expected investment timeframes (both short and long-term). The assessment concluded that the right systems are in place to make sure the policies are implemented correctly.

It is important to recognise that these findings do not apply equally to every Investment Pathway range. Only the ESG range has been specifically designed to incorporate greater consideration of ESG factors. The standard Workplace range has some exposure to an ESG-specific fund within pathway 2, but ESG considerations are not incorporated throughout the range to the same extent. The separate standard range available to Personal Pension scheme customers has no exposure to ESG-specific funds.

Overall, we consider L&G's approach to ESG governance, responsible investing and stewardship to be strong. However, the extent to which ESG considerations influence how Investment Pathway customers' savings are invested varies between the different ranges. Our positive assessment is therefore most directly relevant to investors in the ESG range, applies to a more limited extent to the standard Workplace range, and should not be interpreted as meaning that the Personal Pension Investment Pathways have an ESG-specific investment strategy.

Independent research

Using an independent consultancy, we carry out an independent review to compare L&G's investment pathways to those of other pension providers.

Around 20% of the workplace members who are eligible to move into an Investment Pathway choose to do so. Most choose Pathway 4 (which is designed for those of you who plan to take out all of your money within the next five years). In contrast, Pathway 1 has the highest take up for all other providers. We recognise that most workplace members do not select an Investment Pathway and we will continue to review the choices members are making at retirement.

L&G continues to monitor how investors use their drawdown pot to check that it matches the aims of the investment pathways that they are invested in. This is in line with other pension providers. However, the research conducted by L&G to understand the choices that you make, and why, in order to improve your experience goes beyond what many other providers are doing.

The review considered the costs and charges that the investment pathways providers deduct for those invested in an investment pathway. L&G's charges, compared to other providers, are in the lower range for Workplace members and in the midrange for Personal Pension scheme members.

The review reinforces our view that the investment pathways remain designed and managed in the interests of the majority of pathway investors.

Areas for future focus

L&G has made good progress in completing improvements to the investment pathways. For 2026, we would like L&G to:

Consider how it can provide more support for you: We would like L&G to develop the support it offers when an investor first chooses which investment pathways to use, to help you make the right choice from the beginning.

Review the five-year member reminder: Now that L&G has introduced a five-year reminder for investors who have chosen an investment pathway, we have asked L&G to review whether five years is the most appropriate frequency, or whether a shorter time-period would be more appropriate.

Make further changes to Pathways 2 and 4: We have asked L&G to keep us updated on its plans to make further changes to the Investment Pathways. For Workplace Pathway 2 (annuity), these additional changes are intended to better support investors who may want to buy an annuity. For Workplace Pathway 4 (taking all my money within five years), the changes will make use of a new fund designed for those who expect to keep their money in drawdown for the short term before taking it as cash. L&G has confirmed that these changes will be communicated with investors and implemented during 2026.

L&G is also developing changes to the Personal Pension scheme Pathway 4 to further improve outcomes for investors. L&G will complete its analysis of proposed changes by the end of September 2026 with a planned implementation by Q1 2027.

Continue to communicate with investors who are currently taking money from their pension in unexpected ways: These communications will include a reminder of the purpose of the pathway that they have chosen and will help investors make a switch as appropriate.

We will continue to monitor the results of these changes and share our findings in next year's report.

L&G Independent Governance Committee

Annual report for the year ending 31 December 2025

