



Group Financial Crime Statement

Financial crime can have a devastating impact on its victims as well as an economic impact on society. As a responsible business, we recognise the important role we play in deterring criminals from using the financial system to move and disguise money gained from illegal activities. Acting upon financial crime risk that L&G, our customers, stakeholders and wider society may be exposed to, helps to maintain the integrity of financial markets.

L&G has a clear and effective Financial Crime Risk Management framework (the “Framework”) that implements policies, systems, and controls to prevent, detect, investigate and report financial crime.

We recognise that there is inherent financial crime risk associated with carrying out certain regulated and nonregulated business activities. We have no appetite for failing to meet our legislative and regulatory responsibilities with respect to managing financial crime risk and we will ensure that the organisation remains within accepted residual risk tolerance.

Financial Crime Framework

L&G’s Group Global Financial Crime Risk Management framework aligns to a three lines of defence model:

- the first line is the business and it is responsible for the operation of first-line systems and controls
- the second line is compliance, and it is responsible for setting policies and standards and providing financial crime subject matter expertise, oversight, and assurance of financial crime risk management activities to the first line
- the third line of defence is our Group Internal Audit function, which provides independent assurance that the risk management framework and first-line systems and controls outlined within it are working as designed.

The Framework specifies, and provides mitigation against, the following key financial crime risk types:

- money laundering
- terrorist and proliferation financing
- sanctions
- external and internal fraud
- bribery and corruption
- facilitation of tax evasion
- market abuse.

Financial Crime Risk Policy

The Framework includes policies and standards that apply globally to all L&G business divisions, employees, agents, consultants, and contractors, as well as all wholly or majority owned subsidiary businesses.

The L&G Group financial crime risk policy (“Group Policy”) is supported by control standards and requirements for the key financial crime risk types.

The L&G Group policy is applied globally. As L&G is headquartered in the UK, the Group Policy is predominantly influenced by UK Financial Crime legislation and regulatory minimum requirements but is also based upon various laws, regulations and regulatory guidance from other jurisdictions within which the Group operates, namely the European Union, Hong Kong, Japan, Singapore, the United States of America, and Bermuda.

Where the jurisdictions in which we operate have higher or stricter rules or standards, these local requirements are captured within country-specific procedures.

The Group Policy sets out the following minimum requirements:

- designating specific, accountable individuals responsible for the effectiveness of financial crime systems and controls
- regular and event driven financial crime business risk assessments that include new products, services or technology and systems
- effective management and monitoring of financial crime systems and controls proportionate to the financial crime risks identified, ensuring processes and procedures are documented
- the assessment of customers, transactions, and business relationships (including suppliers) to determine the level of financial crime risk associated on a case-by-case basis. The L&G Customer Risk Rating methodology ensures the assessment of the corporate or individual risk (including, amongst others, industry sector risk, politically exposed persons (PEPs) & sanctions risks and adverse media), country risk, product and service risk and transaction risk
- risk based due diligence on customers, business relationships, suppliers and transactions. This includes identification and verification of beneficial owners and connected parties where relevant application of enhanced due diligence in cases that present a higher financial crime risk including assessment of source of wealth and source of funds where relevant and process for obtaining senior management approval
- conducting periodic and trigger-based reviewed of customer or business relationships
- screening of customer and business relationships, for PEPs, sanctions, and adverse media
- adherence to all relevant international and domestic sanctions, in particular United Nations, European Union, Office of Foreign Assets Control and His Majesty's Treasury sanctions, including requirements to report to authorities
- mandatory, thematic and role-based financial crime risk training of employees, agents, and contractors
- monitoring and review of payments and transactions to detect, investigate and report unusual or suspicious activity, including clear guidance on the tipping off offence
- clear processes for employees to raise all financial crime concerns. Our employees are encouraged to raise concerns through our Unusual Activity Referral processes if they become aware of any unusual or suspicious activity
- processes for reporting suspicious activity to the relevant Financial Crime Intelligence Unit
- conducting quality assurance reviews on the adequacy and effective operation of financial crime systems and controls
- establishing processes for collecting financial crime management information to enable onward internal and external reporting

- establishing processes for the effective screening and vetting of employees and the implementation of effective controls to prevent and detect internal fraud
- controls for the effective oversight of financial crime systems and controls outsourced to external third parties, or operated by internal functions within L&G Group
- ensuring our suppliers commit to adhering to financial crime legislation and regulations as applicable to the service provided to L&G
- the Group Policy also sets out additional minimum control requirements in its management of bribery and corruption risk relating to the following activities of L&G. This includes specific controls relevant to:
 - offering or receiving gifts, entertainment, and hospitality
 - the use of third parties to generate business for L&G (e.g. introducers, brokers)
 - offering L&G resources (e.g., training) to current or potential customers and other third parties
 - offering employment to persons connected to current or potential customers and other third parties
 - charitable donations
 - corporate sponsorship
 - political contributions
 - lobbying.

These requirements are utilised to manage all key financial crime risks across the Group.

Governance

All senior management across the L&G Group take responsibility for establishing a strong anti-financial crime culture and setting a clear “tone from the top” across all jurisdictions within their scope of responsibility.

Our Group Financial Crime Risk Director is responsible for the implementation and oversight of the Group financial crime risk management framework.

The Group Financial Crime Risk Director provides regular reports to the Group Board, Group Risk Committee and the Executive Risk Committee to ensure that senior management remain informed of financial crime risks and issues.

Financial Crime Risk Director
Jason Cule

December 2025